

News for February 2010

February 2, 2010

GC&H Investments Opens GC&H Investments LLC

Menlo Park, California-based GC&H Investments opened its GC&H Investments LLC fund on January 1, 2010 at \$2.5 million.

- [GC&H Investments – Menlo Park, CA](#)

New Seed Fund Joins With Entrepreneurs' Group To Back Early-Stagers

An entrepreneurs' association and a newly launched seed fund are joining forces to make early-stage bets on mobile technology and consumer Internet start-ups, participants in the program said.

Cambridge West, which has already funded two companies, will work with the Silicon Valley Association of Startup Entrepreneurs to make one \$50,000 investment per fiscal quarter.

- [Silicon Valley Association – San Francisco, CA - www.svase.org](#)
- [Cambridge West – Redwood City, CA - www.cambridgewestventures.com](#)

China, India Investment Slumps In 2009, But Firms See Daylight

In the wake of the global financial crisis, venture investment in China and India fell to their lowest point in years and investors are looking cautiously to 2010 for a reprieve.

Venture capitalists in both countries said that macroeconomic conditions in 2009 had reshaped the investment landscape, and despite sustained interest in both high-growth economies, their markets will take time to recover while investors map out the lay of the land.

In China, funding fell 56% to \$1.89 billion invested in 188 companies in 2009, from the \$4.26 billion in financing that 260 businesses received in 2008, according to VentureSource data.

India, by comparison, did not decline as precipitously because the venture capital industry there has developed more slowly than China, investors said. Last year venture capitalists in India backed 69 companies with \$600.3 million in new capital, compared to 2008, when 98 start-ups received approximately \$1.07 billion in funding, according to the data from VentureSource.

First-round investments in China accounted for the majority of deals - 109 deals, or 58% of the total - as

it has for years. The number of second rounds accounted for 18%, while third or later rounds made up 24%, higher than 16% last year. Unlike in the U.S., first-round investments tend to go into companies at a much later stage - 81% of all investments were in companies that are either shipping product or are profitable.

Unsurprisingly, consumer services investments continued to attract the most cash with \$581.1 million in total investments for the year as venture capitalists tried to tap into the wallets of China's growing middle class and aspirational consumers. But that was down 71% from the \$2 billion recorded in that sector last year.

The second largest sector by investment in China was information technology - surpassing business and financial services for the first time in three years - with \$338.8 million, down 42% from a year ago. Business and financial services brought in \$314.8 million, down 52%.

February 8, 2010

US Clean-Tech Investment Slid In 2009 As Focus Turned To Efficiency

U.S. venture capital investment in clean-technology companies totaled \$2.6 billion in 2009, down from \$5.2 billion in 2008, according to an Ernst & Young LLP analysis based on data from Dow Jones VentureSource.

In the fourth quarter of 2009, venture capital firms invested \$564.5 million in clean technology, down from \$1.05 billion in the fourth quarter of 2008. However, the quarterly trends in 2009 showed a high degree of volatility, with more than \$1 billion invested in the third quarter but substantially lower amounts in the prior two quarters.

There were 193 rounds of clean-technology venture capital for the year, down moderately from 229 in 2008. In the fourth quarter, the number of rounds actually increased, to 62, from 51 in the same quarter of 2008.

February 9, 2010

Armed With \$525M Fund, Bain Ventures Looks To 2010

Bain Capital Ventures has wrapped up fund-raising for its fourth multi-stage fund at \$525 million.

The final closing of Bain Capital Venture Fund 2009 LP came roughly on pace with its predecessor, a \$565 million pool that included \$500 million fund and a \$65 million co-investment pool from Bain employees.

Bain Capital Ventures has a flexible investment strategy that allows it to invest across the capital structure from seed and early-stage deals to expansion and even small buyout deals. The firm targets software, hardware, wireless, information-services, healthcare, technology-driven business services, retail, and consumer companies.

- [Bain Capital – New York, NY/Chicago, IL – www.baincapital.com](http://www.baincapital.com)

February 10, 2010

Redpoint Ventures Closes \$400 Million Redpoint Ventures IV LP

Redpoint Ventures, based in Menlo Park, CA, closed its Redpoint Ventures IV LP fund at \$400 million. The firm focuses its investments in communications, media, and commerce companies.

- Redpoint Ventures – Menlo Park, Ca – www.redpoint.com

February 11, 2010

Merlin Nexus Opens Merlin Nexus IV LP

Merlin Nexus, based in NY, New York, opened its Merlin Nexus IV LP fund. The firm focuses its investments in the life sciences industry.

- Merlin Nexus – New York, NY – www.merlinnexus.com

Ridgewood Capital Opens Ridgewood Capital Energy Technologies Fund

Ridgewood Capital, headquartered in Ridgewood, NJ, opened its Ridgewood Capital Energy Technologies Fund. The firm invests in semiconductors, wireless communications, and software companies.

- Ridgewood Capital – Ridgewood, NJ – www.ridgewoodcapital.com

Alerion Holds \$71M Close Toward \$85M Second Fund

Venture capital firm Alerion Partners has closed on \$70.7 million toward a targeted \$85 million for Alerion Investment Partners II LP.

Rowayton, CT-based Alerion Partners typically makes consumer, retail, marketing services and targeted media investments.

- Alerion Partners – Rowayton, CT – www.alerionpartners.com

February 12, 2010

Millennium Raising Second Technology Value Fund

Millennium Technology Ventures LP has filed to raise a second fund of funds.

The vehicle, Millennium Technology Value Partners II LP, is targeting \$200 million, according to a Securities and Exchange Commission filing. As of Feb. 9, the fund had raised \$75.7 million.

The new fund is the successor to Millennium Technology Value Partners LP, a \$130 million vehicle raised

in 2006. That vehicle purchases primarily secondary positions in venture capital and private equity funds. That vehicle had an original target of \$100 million.

- Millennium Technology Ventures – New York, NY - <http://mtvlp.com>

China's NewMargin Ventures Seeks \$500M For Dollar-Tied Growth Fund

Chinese growth-capital firm NewMargin Ventures is planning to raise \$500 million for its latest dollar-denominated fund in the second half of this year as it also pursues a CNY1 billion (\$146 million) local currency vehicle.

As a growth-capital investor, NewMargin backs companies in three major sectors, consisting of clean technology, high-end manufacturing, and natural resources-themed investments like agriculture and mining.

- NewMargin Ventures – Shanghai/Beijing - www.newmargin.com

Pitango Venture Capital Opens Al-Bawadir

Herzliya, Israel-based Pitango Venture Capital opened its Al-Bawadir Fund at ILS 80 million. The firm focuses its investments in the healthcare and information technology industries.

- Pitango Venture Capital – Herzliya, Israel – www.pitango.com

Longbow Capital Partners Opens EIS Fund

Longbow Capital Partners, a London-based venture capital firm, opened its EIS Fund on February 1, 2010. The firm focuses on companies in the early stage, development and expansion phases.

- Longbow Capital Partners – London – www.longbowcap.com

February 16, 2010

MPM Capital Secures \$140M Towards Fund V

MPM Capital has raised \$140 million for its latest fund, according to a filing with the Securities and Exchange Commission.

MPM, based in Boston, concentrates on pharmaceutical and medical device companies. The firm previously raised \$550 million in early 2007 for Fund IV, which was smaller than its \$900 million vintage 2002 Fund III.

- MPM Capital – Boston, MA – www.mpmcapital.com

Claritas Capital Raises \$15.6M Toward Mezzanine-Debt Fund

Venture capital firm Claritas Capital has raised \$15.6 million toward a new mezzanine-debt fund, according to a regulatory filing.

Nashville, TN-based Claritas also makes venture investments in technology and health care, and manages \$43 million across three venture funds. Adding debt investments to its venture practice enables the firm to profit in down as well as up markets.

- Claritas Capital – Nashville, TN – www.claritascapital.com

Chrysalix Energy Eyes \$150M For Fund III By March End

Canadian clean technology venture firm Chrysalix Energy Venture Capital said it's on target to reach its goal of \$150 million for its third fund after an investment by Credit Suisse affiliate Oregon Investment Fund pushed the total to more than \$100 million.

The Vancouver-based firm has been raising this fund since 2008, when it had a first close of \$73 million, according to a regulatory filing in August of that year. That filing put the offering at \$250 million.

Chrysalix expects to wrap up fund-raising with \$150 million by March 31. This would be more than twice the size of its second fund, a \$70 million vehicle that closed in 2006.

- Chrysalix Energy – Vancouver – www.chrysalix.com

IP Group Closes GBP 25 Million North East Technology Fund

IP Group, a London-based venture capital firm, closed its North East Technology Fund on February 1, 2010 at GBP 25 million. The firm focuses its investments in the renewable energy, IT and communications, chemicals and materials, and healthcare and life sciences industries.

- IP Group – London - www.ipgroupplc.com/ipo/

February 17, 2010

Innovation Works Closes on \$50M, Preps First Three Companies

Innovation Works, a technology development firm established by former Google China President Kai-Fu Lee, is set to launch its first three companies as it closes on \$50 million for its debut fund.

Innovation Works is the brainchild of Lee - his attempt at creating a new business model to encourage the development of early-stage technology companies in China.

The Beijing-based firm is involved in developing and financing entrepreneurs and programmers working on mobile technologies, cloud computing and ecommerce at the very earliest stages.

- Innovation Works – Beijing - <http://en.innovation-works.com/>

Northzone Hauls In \$124M First Close On Sixth Fund

European technology venture firm Northzone Ventures has held a EUR90 million (\$123.9 million) first close on its sixth fund, which targets EUR150 million.

The challenging fund-raising environment will likely keep Northzone VI LP smaller than its predecessor, which closed at EUR175 million in 2006.

A second closing is planned to occur by summer and could be the fund's final close, depending on the success of fund-raising going forward. The fund's target could also be extended to as much as EUR200 million.

- Northzone Ventures – Stockholm, Sweden – www.northzone.com

Cowen Healthcare Raises \$96.7M For Second Royalty Fund

Cowen Healthcare Royalty Partners has raised \$96.7 million for its sophomore fund, according to a regulatory filing.

The new fund, Cowen Healthcare Royalty Partners II LP, does not have a disclosed target. Further details about the fund and its investors were not revealed.

Cowen Healthcare specializes in royalty-sharing, a type of financing in which pharmaceutical developers sell a portion of the royalties from future product sales for an immediate lump payment. It also makes select equity and debt investments.

- Cowen Healthcare – Stamford, CT - www.cowenroyalty.com

TVM Capital Raises \$40M Health Care Fund For Mideast And Africa

German venture capital firm TVM Capital GmbH has raised \$40 million for a health care fund focused on the Middle East and North Africa.

TVM Capital MENA Ltd. will invest in specialized clinics, medical laboratories, small hospitals, diagnostic imaging centers and health care IT, among other targets.

- TVM Capital – Munich, Germany - www.tvm-capital.de

February 18, 2010

Northzone Ventures Opens Northzone VI LP

Northzone Ventures, based in Oslo, Norway, opened its Northzone VI LP fund. The firm focuses its investments in technology companies.

- Northzone Ventures – Oslo, Norway – www.northzone.com

February 19, 2010

Western Technology Seeks \$250M For 13th Fund

Venture debt provider Western Technology Investment has launched efforts toward securing \$250 million for its thirteenth fund.

The firm invests alongside venture capital firms in companies ranging from seed stage to companies that are nearing a public offering and in industries that include biotechnology, software, Internet and medical devices.

- [Western Technology Investment – San Jose, CA - www.westerntech.com](http://www.westerntech.com)

Fjord Ventures Gathers Up \$11.8M First Fund

Fjord Ventures, an incubator and investor in emerging life-science companies, has raised \$11.8 million toward its debut fund, according to a regulatory filing.

Laguna Hills, CA-based Fjord was founded in 2005 by Olav Bergheim, who left his position as general partner at Domain Associates LLC to start the firm.

- [Fjord Ventures – Laguna, Hills, CA – www.fjordventures.com](http://www.fjordventures.com)

February 22, 2010

High Country Venture Opens Colorado Fund II LP

High Country Venture, based in Boulder, CO, opened its Colorado Fund II LP. The firm invests in the most promising and innovative early stage Colorado companies.

- [High Country Venture – Boulder, CO – www.coloradofund1.com](http://www.coloradofund1.com)

OrbiMed Closes Its Largest-Ever Health Care Fund At \$550M

OrbiMed Advisors has secured \$550 million for its largest-ever health care venture capital fund.

OrbiMed, which began raising Caduceus Private Investments IV LP last summer, held a final closing on Feb. 22 - a fast turnaround at a time when many firms are struggling to raise capital. OrbiMed raised 80% of the new partnership from existing limited partners and the rest from new investors.

- [Orbimed Advisors – New York, NY - www.orbimed.com](http://www.orbimed.com)

Greycroft Partners Nears Close Of Second Digital Media Fund

Early-stage digital media investment firm Greycroft Partners has nearly reached the \$125 million target for its second fund, according to a regulatory filing.

Greycroft invests between \$500,000 and \$3 million at a company's inception, increasing on a staged basis to double that amount over time.

- Greycroft Partners – New York, NY – www.greycroftpartners.com
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February 23, 2010

Northgate Capital Sells Majority Stake To India's Religare

Northgate Capital has become the second fund-of-funds manager to see its ownership change hands this year, agreeing to sell a majority stake to India's Religare Enterprises Ltd.

The acquisition is part of a larger plan by Religare to invest \$1 billion in asset managers, particularly in the U.S., as it seeks to expand its global investment platform.

- Northgate Capital – Danville, CA/London - www.northgatecapital.com

Stern Partners Sells Israeli Seed Investor Kinrot To AquAgro

AquAgro Fund said it has acquired Kinrot Technology Ventures, an Israeli seed investor and incubator of water-related technologies, from Stern Partners Inc.

Based in Zemach, Israel, Kinrot was founded in 1993 by the government and privatized to Stern, a Canadian investor, in 2006. The firm invests in water-related technologies, including wastewater treatment, particle monitoring, microorganism sensing and flow monitoring.

AquAgro, based in Tel Aviv, is a venture firm specializing in agriculture and water technologies. The firm concentrates on what it terms early revenue and expansion-stage companies.

- AquAgro – TelAviv – www.aquagrofund.com
- Kinrot Technology Ventures – Zemach, Israel – www.kinrot.com

UK Govt Picks European Investment Fund To Manage Tech FoF

The European Investment Fund, or EIF, Monday said it has been chosen by the U.K. government to manage a GBP200 million technology fund of funds which will be used to finance young and growing businesses across the country.

The Future Technology Fund for the U.K. will cover companies in the digital/information and communications technology, life sciences and advanced manufacturing sectors.

- European Investment Fund – Luxembourg - www.eif.org

February 24, 2010

Media, Entertainment-Focused ErGo Media Capital Debuts

ErGo Media Capital is a new investment vehicle launching in New York with a plan to invest up to \$15 million each in entertainment and media opportunities.

The fund is the media-focused arm of ErGo Ventures, a private investment vehicle with a portfolio of about 15 companies in the aerospace, food and wine, real estate and technology sectors.

ErGo Media Capital will invest in the film, video game, music, television and new media spaces at stages ranging from start-up to growth to expansion, providing up to \$15 million in equity per transaction.

- ErGo Media Capital – New York, NY - www.ergomediacapital.com

February 25, 2010

VSpring Ups Fund To \$162M, Founder Departs For Mexican Venture

VSpring Capital has boosted its third fund to \$162 million and is now investing it without founder Paul Ahlstrom, who has moved to Mexico to launch a new venture capital firm.

VSpring, based in Salt Lake City, added \$10 million last month to vSpring III LP, which could go as high as \$200 million.

The move will not affect vSpring's focus, which remains on technology and health-care start-ups in the Intermountain region. It also invests occasionally at the later stage.

- VSpring Capital – Salt Lake City, UT – www.vspring.com

DAG Ventures Closes On \$500M For Fourth Fund

DAG Ventures has raised \$499.5 million from at least 75 investors for its fourth fund, according to regulatory filings.

DAG Ventures raised a \$500 million third fund in the summer of 2007, and closed its second fund at \$325 million just a year earlier.

The firm, which is a part of growth-equity firm Duff Ackerman & Goodrich LLC, is known for joining in syndicates with some of Silicon Valley's top venture firms, including Kleiner Perkins Caufield & Byers, Sequoia Capital and Benchmark Capital.

- DAG Ventures – Palo Alto, CA – www.dagventures.com

February 26, 2010

Polaris Venture Partners Opens Polaris Venture Partners VI LP

Polaris Venture Partners, a Waltham, MA-based venture capital firm, opened its Polaris Venture Partners VI LP on February 24, 2010. The firm invests in seed, early stage, and high growth middle market companies. Early stage efforts focus on information technology and life sciences companies. Middle market investments focus on businesses in technology, healthcare, digital media, ecommerce, consumer products and services, and business service sectors. The firm typically acts as the lead or co-lead investor in most of its portfolio companies.

- Polaris Venture Partners – Waltham, MA – www.polarisventures.com

Source: VentureWire and VentureSource