

News for January 2012

January 3, 2012

Venture Capital: 2011

Unlike 2010, which ended with a liquidity pop for venture investors, 2011 fizzled away with acquisitions tumbling and fewer than a dozen IPOs in the fourth quarter, leaving the year's total one shy of its predecessor's.

On the bright side, the 45 venture-backed companies that went public last year raised \$5.36 billion, the most since 2007, according to *VentureSource*, a unit of *VentureWire* publisher Dow Jones & Co. But two companies--daily deals site Groupon Inc. and social gaming company Zynga Inc.--were responsible for \$1.7 billion of that.

Market volatility took its toll on IPOs beginning in August, dashing hopes for a banner year. Nonetheless, the 2011 IPO count was well above that in 2008 and 2009. And the pipeline going into 2012 is even stronger than last year with 60 companies in registration. A year ago there were 44 and two years earlier there were 25.

The choppy public markets affected venture-backed M&A, which sank in the fourth quarter despite the billions in cash sitting on the books of corporate acquirers. Deals fell from 162 in the fourth quarter of 2010 to 107 in the final three months of last year, a 35% drop. That left the total for 2011 at 477 deals, nearly 15% below 2010.

Acquirers spent \$9.39 billion in the fourth quarter, a 32% decrease from the \$13.83 billion raised in the year-ago quarter. Nonetheless, the full-year total of \$47.83 billion represented a 23% increase over the \$39.02 billion raised in 2010 and was the best annual total since 2007.

Health care overall declined to 88 deals from 105 the year before, after a fourth quarter that saw just 25 acquisitions, compared to 38 in the fourth quarter of 2010.

Information technology declined to 194 deals for the year, down from 261 the year before, after just 38 deals in the fourth quarter, the lowest total since the first quarter of 1999.

Vivo Ventures: \$375M Raised for Next Fund

Vivo Ventures has raised \$375 million for a new fund that will enable it to expand its investments in China. Vivo Ventures backs U.S. and Chinese health-care companies.

- [Vivo Ventures – Palo Alto, CA – www.vivoventures.com](http://www.vivoventures.com)

Kinetic Ventures: Targeting \$100M for Ninth Fund

Kinetic Ventures is seeking \$100 million for its ninth fund, Kinetic Ventures IX LP, according to an SEC filing. Kinetic invests primarily in U.S. early-stage companies working in communications, health care and power or clean technology, according to its website, although it also invests selectively in foreign companies and in seed- and growth-stage companies. Investments range from \$2 million to \$7 million and frequently require a board seat.

- [Kinetic Ventures – Chevy Chase, MD – www.kineticventures.com](http://www.kineticventures.com)

EchoVC Partners: Raising \$20M Fund

EchoVC Partners, a seed-stage venture firm run by Intel Capital veteran Eghosa Omoigui, is raising a \$20 million fund, according to a regulatory filing. Palo Alto, CA-based EchoVC invests in consumer Internet and smart data companies.

- [EchoVC Partners – Palo Alto, CA – www.echovc.com](http://www.echovc.com)

Magma Venture Partners: Targeting \$100M

Magma Venture Partners, an investor in early-stage Israeli technology companies, has set out to raise \$100 million for its third fund.

- [Magma Venture Partners – Tel Aviv – www.magmavc.com](http://www.magmavc.com)

Hyde Park Venture Partners: Opens \$13.6M Fund

Chicago, IL-based Hyde Park Venture Partners opened its Hyde Park Venture Partners Fund LP for \$13.6 million. The firm invests in early stage technology companies in the Midwest, with particular focus in the Chicago area.

- [Hyde Park Venture Partners – Chicago, IL](http://www.hydeparkvc.com)

January 4, 2012

General Catalyst Partners: \$500M for Fund

General Catalyst Partners has closed on \$500 million for its sixth venture fund, according to a regulatory filing. From its venture fund, the firm makes seed and Series A investments in clean energy; consumer, new media and Internet; and software, systems and services, according to its website. It also makes growth-equity investments of \$10 million to \$50 million mainly in those sectors but also others including consumer products, financial services and health care.

- [General Catalyst – Cambridge, MA – www.generalcatalyst.com](http://www.generalcatalyst.com)

Excel Venture Management: \$150M for Next Fund

Boston-based life sciences firm Excel Venture Management has begun raising a \$150 million second investment fund, a regulatory filing said. The firm invests in healthcare, including healthcare IT and services, diagnostics, and medical devices.

- [Excel Venture Management – Boston, MA – www.emven.com](http://www.emven.com)

Gratitude Network: New Fund in Socially Conscious Startups

Silicon Valley venture capitalist Randy Haykin has started a new organization, the Gratitude Network, to invest in start-ups that are making a positive impact on society, especially in education. The Gratitude Network plans to raise a \$50 million conventional venture capital fund, Gratitude Ventures.

- [Gratitude Network – Pleasanton, CA - http://gratitudefund.org](http://gratitudefund.org)

Top Tier Capital Partners: Closes \$400M Top Tier Venture Capital Fund

San Francisco, CA-based Top Tier Capital Partners LLC closed its Top Tier Venture Capital V LP fund for \$400 million. The firm is focused on information technology, healthcare, and clean tech companies.

- [Top Tier Capital Partners – San Francisco, CA – www.toptiercp.com](http://www.toptiercp.com)
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January 5, 2012

China Binhai New Area Venture Capital Guiding Co. Ltd.: Opens New Fund

Tianjin, China-based China Binhai New Area Venture Capital Guiding Co. Ltd. opened its RMB 1 billion Huajin International Medicine and Health fund. The firm invests in companies with high potential within Binhai New Area.

- [China Binhai New Area Venture Capital Guiding Co. – Tianjin, China](#)
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January 6, 2012

Summit Partners: Closes Two Funds

Summit Partners has wrapped up fund-raising for its two latest growth equity and venture capital funds with a combined \$3.22 billion. The firm closed on \$2.7 billion for Summit Partners Growth Equity Fund VIII LP, which will make equity commitments of more than \$45 million. Additionally the firm wrapped up Summit Partners Venture Capital Fund III LP with \$520 million, which will target equity investments of up to \$45 million.

- [Summit Partners – Boston, MA – www.summitpartners.com](http://www.summitpartners.com)

January 10, 2012

Canaan Partners: \$600M for Ninth Fund

Canaan Partners has secured \$600 million for its ninth partnership after three months of fundraising. The firm invests in technology and healthcare companies.

- [Canaan Partners – Menlo Park, CA – www.canaan.com](http://www.canaan.com)

Scottish Equity Partners: Closes €200M Fund

Glasgow, United Kingdom-based Scottish Equity Partners LLP closed its €200 million SEP IV fund. The firm focuses on IT, healthcare, and energy sectors across the United Kingdom.

- [Scottish Equity Partners – Glasgow, UK – www.sep.co.uk](http://www.sep.co.uk)

January 12, 2012

Flagship Ventures: New \$270M Fund Closed

Flagship Ventures has closed on a \$270 million for a new venture capital fund aimed at building and backing life sciences and sustainable-living companies.

- [Flagship Ventures – Cambridge, MA - www.flagshipventures.com](http://www.flagshipventures.com)

Founder's Co-op: Closes \$8M Founder's Co-Op II LLC

Seattle, WA-based Founder's Co-op closed its Founder's Co-Op II LLC for \$8 million. The firm invests in early-stage enterprises focusing on software and Web-based services.

- [Founder's Co-op – Seattle, WA – www.founderscoop.com](http://www.founderscoop.com)

Burrill Co.: \$125M Towards Brazil Fund

Burrill & Co. said it has collected \$125 million toward a \$200 million fund that it will enable it to build a portfolio of Brazilian medical and biotechnology companies.

- [Burrill & Co. – San Francisco, CA – www.burrillandco.com](http://www.burrillandco.com)

January 17, 2012

Lightspeed Venture Partners: Targeting \$675M for Next Fund

Lightspeed Venture Partners is seeking up to \$675 million for its ninth fund. The firm invests primarily in early-stage deals and focuses on clean-tech, communications, digital media and wireless, enterprise automation, Internet media and commerce, and semiconductors, according to the firm's website.

- [Lightspeed Venture Partners – Menlo Park, CA – www.lightspeedvp.com](http://www.lightspeedvp.com)

January 19, 2012

Cervin Ventures: Closes Cervin Ventures Fund II LP

Fremont, CA-based Cervin Ventures closed its \$20.9 million Cervin Ventures Fund II LP. The firm opened the fund with a focus on business-to-business software space.

- [Cervin Ventures – Fremont, CA – www.cervinventures.com](http://www.cervinventures.com)

Correlation Ventures: Closes \$165 Million Correlation Ventures Fund I LP

San Diego, CA-based Correlation Ventures, a firm that invests in consumer goods and services, closed its \$165 million Correlation Ventures Fund I LP.

- [Correlation Ventures – San Diego, CA – www.correlationvc.com](http://www.correlationvc.com)

January 20, 2012

VC Investment Up Despite Fund-Raising Constraints

In a year when fund-raising was difficult for most venture firms, investors poured \$32.6 billion into U.S.-based companies in 2011, a 10% increase over 2010.

The number of financings rose 5.8% to 3,209, the most since 2001, according to the latest data from *VentureSource*, a research unit of VentureWire publisher Dow Jones & Co. Business support services, consumer information services and software led the way. Health-care investing overall was flat. Investment was double the \$16.2 billion raised last year by U.S. venture firms. The gap is indicative of money flowing into the venture industry from corporations and private equity investors, but also raises questions about whether the investment pace is sustainable unless fund-raising picks up.

Early-stage investments were especially popular. Venture firms invested in 297 seed deals, 34.4% more than in 2010, and 1,042 first rounds, a 15% increase. The median investment size remained the same as

2010: \$750,000 for seed deals and \$3 million for first rounds. Later rounds consumed more, with the median rising from \$8 million in 2010 to \$10 million last year.

Health-care investors put \$8.4 billion into 738 deals, about the same as in 2010. Medical devices saw a slight drop in deals but a big increase in investment to \$3.3 billion, a 27.5% increase, with later rounds accounting for about half the venture deals.

January 23, 2012

Osage Ventures: Closes \$26.5M Fund

Bala Cynwyd, PA-based Osage Ventures closed its \$26.5 million Osage Venture Partners III Bridge Fund LP. The fund has a focus on early stage technology and healthcare companies in the Mid-Atlantic region.

- [Osage Ventures – Bala Cynwyd – www.osagepartners.com](http://www.osagepartners.com)
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January 25, 2012

Versant Ventures: New Healthcare Fund Being Raised

Versant Ventures plans to raise a new health-care venture fund that will be about \$250 million. Versant, based in Menlo Park, CA, raised \$250 million for its debut fund in 1999 and went on to raise successive, \$400 million funds in 2001 and 2005, respectively. The firm invests mostly in biotechnology and medical devices.

- [Versant Ventures – Menlo, Park, CA – www.versantventures.com](http://www.versantventures.com)
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January 27, 2012

SoftTech VC: Raised \$55M for Technology Start-Ups

SoftTech VC has raised a \$55 million fund to make small investments in technology start-ups. The firm is a seed stage venture capital investor in early stage Web 2.0 companies.

- [SoftTech VC – Palo Alto, CA – www.softtechvc.com](http://www.softtechvc.com)

January 30, 2012

European VCs: 2011 Fourth Quarter Statistics

Venture capitalists put 4.4 billion euros into 1,012 deals for European companies in 2011, a 14% decline in investment and 19% decline in deal flow from 2010, marking the lowest annual deal count for Europe since industry tracker VentureSource began monitoring the region in 2000.

The fourth quarter was the weakest of the year in terms of deal activity, as 194 deals collected EUR1.1 billion, a 43% drop in deals and 38% decline in investment over the same period in 2010, according to the new data from VentureSource, which is owned by Dow Jones & Co.

The fourth quarter's weakness in investments mirrored the exit environment. The fourth quarter of 2011 was the year's weakest for mergers and acquisitions and initial public offerings as 30 European venture-backed companies were acquired and two companies went public.

In all of 2011, 148 companies exited via an M&A, raising EUR7 billion, a 12% decline in deals and 7% increase in capital raised. Companies that got acquired, however, recorded the highest median raised on record. The median paid for an acquisition in 2011 was EUR5.1 million.

On the IPO side, 14 venture-backed companies went public last year, raising EUR695 million, a drop in IPOs but an increase in capital raised from 2010, when 18 IPOs raised EUR438 million.

For the first time since 2001, the web-heavy consumer services sector raised more capital than the information technology sector. Consumer services companies raised EUR1.1 billion for 223 deals in 2011, a 63% increase in investment despite a 6% drop in deals from 2010. It was the sector's strongest year for investment since 2001.

IT companies, meanwhile, raised \$812 million for 270 deals in 2011, a 50% decline in investment and 25% decline in deals.

More than half of the capital collected by the consumer services sector went to social media, entertainment and shopping companies. Those companies raised EUR691 million for 192 deals, a 79% increase in investment despite an 8% decline in deals.

Within the IT sector, software remained the most popular investment area, driven by interest in business applications software and communications software. Software companies raised EUR467 million through 194 deals in 2011, a 14% decline in investment and 13% decline in deal activity.'

As deal activity and investment fell in all areas of health care, the medical devices area offered moderate stability, seeing a drop of just 7% in both deal activity and investment. Medical device companies raised EUR323 million for 91 deals in 2011, a mild decline from the EUR348 million raised for 98 deals in 2010. As usual, biopharmaceuticals took the lion's share of the health-care sector's investment as 121 deals raised EUR856 million, a 29% decline in deals and 20% decline in investment.

January 30, 2012

Bain Capital: Closed Fund at \$600M

Bain Capital Ventures has closed its latest fund, Bain Capital Venture Fund 2012 LP, at \$600 million--30% larger than its last fund. Half of the fund will be invested in pure start-ups and half in growth companies in enterprise, infrastructure software, health-care services and technology, and digital media/e-commerce/Internet/wireless. Investments are expected to range from about \$100,000 to \$50 million.

- [Bain Capital – Boston, MA – www.baincapitalventures.com](http://www.baincapitalventures.com)

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