

## News for October 2010

**October 4, 2010**

### **Menlo Ventures Lowers Target For Fund XI To \$400M**

Menlo Ventures has lowered the goal for its newest fund to \$400 million, according to several prospective limited partners, an indication of how the fund-raising tide has turned for even some of the oldest and most established venture firms.

Earlier this year, the technology investor told prospective LPs that it would target \$600 million to \$800 million for Menlo Ventures XI LP, according to prospective investors and board meeting minutes from the Washington State Investment Board.

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

### **Mobile Tech Vets Kick Off Seed Fund Eniac Ventures**

Four partners with extensive experience founding, running and investing in mobile-tech companies have tapped their network of colleagues and friends for \$1.6 million, with which they have launched Eniac Ventures, a seed fund exclusively focused on mobile technology start-ups.

Eniac will provide seed rounds of between \$25,000 and \$100,000 to as many as 50 companies in the next two years, said Nihal Mehta, an Eniac investor and the chief executive of social city guide Buzzd Inc.

- [Eniac Ventures – New York, NY – www.eniacventures.com](http://www.eniacventures.com)

### **Industry Ventures To Raise New Secondary Fund Targeting \$300M**

Industry Ventures LLC plans to return to the market this year to raise a new secondary fund, less than two years after closing its current investment vehicle, said people familiar with the matter.

The San Francisco firm is expected to mail offering memoranda in the fourth quarter for Industry Ventures Fund VI LP, which features a target of \$300 million.

Capstone Partners LLC is placing the fund.

- [Industry Ventures – San Francisco, CA – www.industryventures.com](http://www.industryventures.com)

## **Crosslink Capital Closes \$200 Million Crosslink Ventures VI LP Fund**

San Francisco, CA based Crosslink Capital has closed the \$200 million Crosslink Ventures VI LP Fund. The firm focuses on entire growth spectrum from early-stage product development through initial public offering and beyond.

- Crosslink Capital – San Francisco, CA - [www.crosslinkcapital.com](http://www.crosslinkcapital.com)
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## **October 4, 2010**

### **RWE Innogy Formalizes Venture Capital Activities**

RWE Innogy, which operates renewable-energy projects, said it has formalized its venture capital activities with the creation of an investment arm, Innogy Venture Capital GmbH.

The new firm will invest in renewable-energy companies from its first fund, Innogy Renewables Technology Fund I GmbH. Financial details of the fund, including its amount, weren't disclosed.

- RWE Innogy – Essen, Germany - [www.rweinnogy.com](http://www.rweinnogy.com) and [www.innogy-ventures.com](http://www.innogy-ventures.com)
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## **October 7, 2010**

### **Venture Fund-Raising Remains Slow Through Third Quarter**

Venture capital fund-raising through the first nine months of 2010 was only a bit ahead of last year, as the industry continues to wrestle with a lack of liquidity and limited-partner caution.

U.S. venture firms raised \$9.2 billion for 103 funds during the first three quarters, according to Dow Jones LP Source, an industry database that tracks private equity fund-raising. This is slightly more than the \$8.9 billion raised for 105 funds during the same period in 2009. Venture fund-raising for all of last year totaled \$13.5 billion, the lowest since 2003. Dow Jones & Co., owned by News Corp., is publisher of this newsletter.

The closely watched 10-year benchmark for venture capital returns compiled by Cambridge Associates stood at minus 3.7% as of March.

The pace of initial public offerings for venture-backed companies, while the best since 2007, has been less than expected in a choppy market. Acquirers are actively courting VCs' hottest companies but investors are still saddled with hundreds of others, many initially backed during the dot-com bubble a decade ago.

Multi-stage venture funds were the biggest draw during the first three quarters as limited partners showed a preference for diversified funds. Thirty-three multi-stage funds raised \$4.5 billion during the first three quarters of the year, a slight increase from the \$4.3 billion put into 38 funds during the same period last year.

Capital raised by early-stage funds fell 12% to \$3.4 billion for 65 funds, while funding for later-stage funds, traditionally the smallest sector for fund-raising, rose 71% as five funds raised \$1.3 billion. A \$750 million close for Institutional Venture Partners' eighth fund accounts for more than half of 2010's later-stage fund total and was the largest close of the third quarter. This is also the Menlo Park, Calif.-based firm's largest fund.

Across the U.S. private equity spectrum, which includes venture funds, 279 funds raised \$68.6 billion during the first three quarters, down 10% from the same period in 2009. Secondary fund-raising remained weak as 12 funds raised \$8.5 billion, a 26% drop from the first three quarters of 2009.

### **Partnership Capital Surfing Larger Waves With \$200M Fund III**

Seeing wellness opportunities abounding in the Bay Area and beyond, advisory firm Partnership Capital Growth Advisors LLC is targeting \$200 million for its third co-investment fund.

The target for Partnership Capital Growth III -- Wellness Capital is roughly three times the size of its two previous funds combined.

The firm will stick to its strategy of co-investing in deals, but will be able to assume larger stakes, Knudsen said. The company previously invested between \$2 million and \$7 million per deal, a number that will now increase to between \$5 and \$20 million.

Fund III will continue the firm's focus on sectors including fitness clubs, fitness products, weight management and nutrition, skin care, natural cleaning products, spas and yoga facilities.

- Partnership Capital – San Francisco, CA – [www.pcg-advisors.com](http://www.pcg-advisors.com)

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## **October 8, 2010**

### **Russian-Kazakh Nanotech Venture Fund Aims For \$100M**

A new Russian-Kazakh venture fund focused on nanotechnology has been created, with half of its \$100 million fund-raising goal committed.

London-based I2BF, which has more than \$100 million under management in venture and hedge funds, will manage the fund along with Russian bank VTB. The fund's investors include Kazakhstan state-owned Kazyna Capital Management and Russian state-owned Russian Corporation of Nanotechnologies, or Rusnano, each of which committed \$25 million.

## **The University of Tokyo Edge Capital Co. Closes JPY 7.6 Billion UTEC2 Limited Partnership**

Tokyo, Japan based The University of Tokyo Edge Capital Co. closed its UTEC2 Limited Partnership Fund at JPY 7.6 billion. The firm invests in seed and other early stage technology focused venture capital firms associated with The University of Tokyo.

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**October 11, 2010**

### **China's GSR Ventures Investing Its First Local-Currency Fund**

Chinese technology investor GSR Ventures has begun investing out of its first locally raised venture capital fund.

The CNY400 million (\$60 million) fund, which closed late last year, has made two investments so far. Neither company's name has been disclosed, but one is in the light-emitting diode sector, in which Beijing-based GSR has already made five investments.

With the newest fund, GSR Ventures expects to make between five and 10 total investments in early-stage companies in sectors such as Internet, mobile and clean energy.

- [GSR Ventures – Beijing – www.gsrventures.com](http://www.gsrventures.com)

### **Alsop Louie Closes \$98M Fund II With IPv6 Strategy**

Looking to capitalize on the transition to a new Internet protocol, early-stage technology investor Alsop Louie Partners has closed its second fund with \$98.6 million.

The new vehicle, Alsop Louie Capital 2 LP, beat out its predecessor, which closed at \$75 million in 2006. The firm believes that the transition from Internet Protocol Version 4 to Version 6 will create opportunities to invest in companies that enable the Internet to be an ever-present part of our lives

- [Alsop Louie Partners – San Francisco, Ca – www.alsop-louie.com](http://www.alsop-louie.com)
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**October 13, 2010**

### **Insight Venture Partners Seeks \$1.85B For Two New Funds**

Insight Venture Partners aims to raise a total of up to \$1.85 billion for two new funds focused on growth equity investments in software, Internet and data services, according to meeting agenda notes from the Massachusetts Pension Reserves Investment Management Board.

- [Insight Venture Partners – New York, NY – www.insightpartners.com](http://www.insightpartners.com)

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**October 14, 2010**

### **Simon Murray Looks To Build Growth-Stage Fund Network Across China**

Following in the footsteps of several other foreign growth-capital investors in China, pan-Asian investment firm Simon Murray & Co. is looking to set up a network of investment funds to invest from local currency in China's less-developed cities.

In all, the funds could raise CNY6 billion yuan (\$899 million) for investments in 12 cities across China, based on estimates of the firm's targets for the number of funds it would raise and the target each fund is looking for.

The funds will look to raise from CNY200 million to CNY500 million and would invest across a range of industries including life sciences and health care, information technology and alternative energy.

- Simon Murray – Hong Kong - [www.simonmurrayco.com.hk](http://www.simonmurrayco.com.hk)

### **Burrill, Infinity Group Form China Joint Venture, Seek \$200M For Two Funds**

Burrill & Co. has formed a joint venture with Infinity Group and is raising a total of \$200 million for two funds that the firms will use to invest in Chinese medical and life sciences companies.

San Francisco-based Burrill has been investing in Chinese health-care companies for about three to four years through its \$283 million third fund, closed in 2006, said Managing Director Bryant Fong. These funds will be its first vehicles dedicated to China and Chinese companies, he said.

Burrill and Infinity are raising \$100 million for a U.S. dollar fund. They are also raising an RMB fund that will be equivalent to \$100 million, Fong said. They will invest the dollar fund in Chinese companies incorporated outside China, while the Chinese local-currency partnership will go to China-based businesses, he said.

- Burrill & Co. – San Francisco – [www.burrillandco.com](http://www.burrillandco.com)
- Infinity Group – San Francisco – [www.infinity-equity.com](http://www.infinity-equity.com)

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**October 14, 2010**

### **Spark Capital Doubles Own Commitment In New \$360M Fund**

Spark Capital has closed its third fund, a \$360 million vehicle that matches its predecessor.

Spark focuses on seed and early-stage investments in companies that capitalize on the overlap between media or entertainment and technology. The new fund will invest along the same theme, but also look at education, financial services and health-care opportunities that leverage the power of the Web.

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

## **First Round Gathers \$126M For Third Fund**

First Round Capital LLC closed its First Round Capital III LP Fund at \$126 million. The firm targets investments in pre-revenue companies in their early-stage of development and often provides a company with their first round of capital. The firm looks to take an active role in most of the companies they invest in. They target technology-based, marketing focused companies – with an emphasis on consumer-facing businesses.

- First Round Capital – West Conshohocken, PA – [www.firstround.com](http://www.firstround.com)
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## **October 18, 2010**

### **IDInvest Partners Opens EUR 167 Million Idinvest Private Debt Fund**

Paris, France based IDInvest Partners opened its Idinvest Private Debt Fund on September 30, 2010 at EUR 167 million. The firm focuses most of its investments in Europe, particularly France.

- IDInvest – Paris, France – [www.idi.fr/](http://www.idi.fr/)
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## **October 20, 2010**

### **Greenspring Associates Opens Greenspring Global Partners V LP**

Owings Mills, MD based Greenspring Associates opened its Greenspring Global Partners V LP Fund on October 15, 2010. The firm manages venture capital funds of funds. Investors in these partnerships, which include family offices, corporate pension funds, endowments, foundations, and other venture capitalists, are provided access to diversified portfolios of venture capital funds and a select number of later-stage, direct venture capital investments.

- Greenspring Associates – Owings Mills, MD – [www.greenspringassociates.com](http://www.greenspringassociates.com)
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## **October 21, 2010**

### **Morgenthaler Considers Raising Venture Fund With Health-Care Focus**

Morgenthaler Ventures, which rounded up just over \$400 million for a health-care and technology fund in 2008, is talking with limited partners about raising its first health care-only partnership, according to people familiar with the discussions.

Morgenthaler is discussing a plan to raise a health-care fund of \$200 million to \$250 million, according to the people familiar with the matter. It hasn't sent out a private-placement memorandum, but fund-raising may begin in 2011, these people said.

- [Morgenthaler Ventures – Menlo Park, CA – www.morgenthaler.com](#)
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## October 22, 2010

### **Menlo Ventures Closes Much Smaller Fund Eleven At \$400M**

Menlo Ventures has found the magic number for its latest venture fund: \$400 million.

The Menlo Park, Calif.-based firm has held a first and final closing of Menlo XI LP at a revised \$400 million target, according to a statement from the firm. The firm had initially told prospective investors that it would target \$600 million to \$800 million for the fund earlier this year, but later reduced that goal to \$400 million.

Menlo Ventures XI, L.P. is expected to invest in approximately 30 companies, with deals ranging in size from \$5 million to \$25 million, spread over several rounds of financing. Menlo expects to invest this fund over a three-to-four year investment cycle, beginning in 2011. It focuses on technology sectors in the U.S. including computer storage, consumer, communications, Internet, digital media, mobile applications, financial services and software.

- [Menlo Ventures – Menlo Park, CA – www.menloventures.com](#)

### **Kleiner Launches \$250M Social Media Fund To Identify Next Home Runs**

Kleiner Perkins Caufield & Byers is betting big on social Internet companies and hoping that a partnership with Facebook Inc. and Zynga Game Network Inc. will help the venture firm identify the next blockbuster start-up.

The \$250 million sFund, that will be devoted to social media, will include cash and in-kind support from Facebook, Zynga and Kleiner as well as Amazon.com Inc., Comcast Corp., Liberty Media and Allen & Company LLC. All of the partners are putting cash into the fund.

- [Kleiner Perkins Caufield & Byers – San Francisco, CA - www.kpcb.com](#)

### **Open Prairie Reaches \$30M For Second Midwest Venture Fund**

Open Prairie Ventures, which backs medical-device and agricultural-technology start-ups in the Midwest, said it has reached the \$30 million mark for its second fund and hopes to bring the total up to \$40 million or more by year's end.

- [Open Prairie Ventures – Effingham, IL - www.openprairie.com](#)

## **New York State Pension Invests In IVP, High Peaks Seed Fund**

The New York State Common Retirement Fund, the third largest public pension plan in the U.S., disclosed it invested \$45 million in Institutional Venture Partners' new \$750 million fund.

The investment in IVP XIII LP is among several private equity investments made in August, according to a monthly transaction report posted on New York Comptroller Thomas DiNapoli's website Wednesday.

On the venture side, the pension fund also invested \$15 million into High Peaks Seed Venture NY, a new seed fund that will be managed by High Peaks Venture Partners. The comptroller said last month that the High Peaks fund, which aims to fund universities and researchers to turn ideas into commercial products, expects to attract an additional \$5 million to \$10 million from other investors for the seed fund.

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

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## **October 25, 2010**

### **Venture Investment Stumbles In 3Q, But Pace Still Ahead Of '09**

Venture-backed companies in the U.S. raised \$5.5 billion in the third quarter, a bit less than a year ago, but investment remains ahead of 2009.

Through September, there were 2,016 financings totaling \$18 billion compared with 1,840 deals totaling \$16.3 billion during the first nine months of last year, according to data from Dow Jones VentureSource, an industry tracker owned by the publisher of this newsletter, Dow Jones & Co., a division of News Corp.

Software investors were busier in the third quarter, putting \$1.03 billion into 159 deals versus \$614 million into 107 deals in the third period of 2009. Business support services investing also rose with \$667 million going into 94 deals compared with \$426 million into 75 deals a year ago. The numbers indicate that VCs are turning attention to enterprise plays. Consumer information services accounted for \$495 million and 84 deals in the third quarter as against \$583 million and 84 deals a year ago.

Health care investment is running ahead of information technology, garnering \$5.68 billion through September compared with \$5.28 billion for IT. In deals, however, IT leads 649 deals to 517. Health care got a big boost from the \$1.19 billion in biopharmaceutical deals in the second quarter, but that fell to \$854 million in the third period.

The median amount invested in a venture round stood at \$4.8 million as of the end of September, a sign that the venture industry continues to deploy capital carefully. The \$5 million median for all of 2009 was the lowest in at least a decade.

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**October 27, 2010**

**BrownSavano Seeks \$100M Fund To Offer Entrepreneurs Liquidity**

BrownSavano Direct Capital Partners, a Baltimore firm affiliated with Brown Advisory, is seeking \$100 million for a fund that would provide liquidity to minority shareholders of venture-backed companies.

The firm had closed on \$20.5 million as of Oct. 20 for BrownSavano Direct Capital Partners L.P., according to a Securities and Exchange Commission filing. The firm is a joint venture between the founders of SmithDefieux Capital Partners and asset manager Brown Advisory, successor to Alex. Brown & Sons, the BrownSavano website says.

The fund is one of several being raised aimed at providing liquidity to shareholders of later-stage venture-backed companies, but it is targeting a broad range of businesses.

- BrownSavano – Baltimore, MD – [www.brownsavano.com](http://www.brownsavano.com)

**Vivo Ventures Closes \$100 Million Vivo Ventures (Chengdu) Fund**

Palo Alto, CA based Vivo Ventures, a life-sciences focused venture capital firm, has closed the \$100 million Vivo Ventures (Chengdu) fund.

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

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**October 28, 2010**

**Nonprofit BioAccel And Imprimatur Capital Set Up Seed Fund**

Phoenix, AZ-based nonprofit BioAccel and London early-stage investor Imprimatur Capital have teamed up to raise \$50 million for a fund that will make seed investments.

The joint venture, Henislie Corp., aims to help start-ups transition technology from proof-of-concept to pilot product development. Based in Beverly Hills, CA, Henislie is focused on life science, information technology, telecommunications and clean energy companies in Arizona, Southern California and Texas.

BioAccel will provide the fund with access to new technologies and companies participating in its existing commercialization programs. BioAccel focuses on diagnostics, therapeutics, devices, tools and services.

- BioAccel – Phoenix, AZ – [www.bioaccel.org](http://www.bioaccel.org)
- Imprimatur Capital – London – [www.imprimaturcapital.com](http://www.imprimaturcapital.com)

## **Shenzhen CDF-Capital Co. Ltd. Closes RMB 256 Million CDF CCB Shenzhen Fund**

Shenzhen, China-based Shenzhen CDF-Capital Co. Ltd. closed its CDF CCB Shenzhen Fund at RMB 256 million.

- Shenzhen CDF-Capital – Shenzhen, China – [www.cdf-capital.com](http://www.cdf-capital.com)

*Source: VentureWire and VentureSource*