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## venture south

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# digital|south

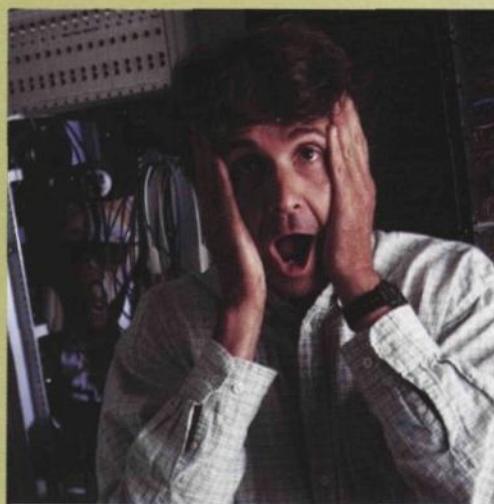
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PUBLISHED BY WARFIELD MEDIA

CHAIRMAN/PUBLISHER

Edwin Warfield IV edwinw8879@aol.com

EDITOR-IN-CHIEF

Martin Donsky mdonsky@review.net

DIRECTOR OF ADVERTISING

John D'Onofrio jdono@review.net

ART DIRECTOR

Patricia Hall phall@review.net

DESIGN CONSULTANTS

Martin Venezky

Greg Paul

INTERACTIVE MEDIA

Glenn Ferber gferber@review.net

David Sotnick david@review.net

ASSOCIATE EDITORS

Kris McDowell kmcdowel@review.net

Wendy Maxey wmaxey@review.net

CONTRIBUTING EDITOR

Danialle Weaver

CONTRIBUTING WRITERS

M.M. Cloutier, David Corder, Dale Gibson,

Sheila Velazquez, Julie Wareh,

Richard Westlund

CONTRIBUTING PHOTOGRAPHERS

Louis Cahill, Michael Northrup,

Karen Tam

CHIEF FINANCIAL OFFICER

Elisabeth Corson ecorson@review.net

CIRCULATION

Laura Hauss lhauss@review.net

Jose Garcia jgarcia@review.net

ADVERTISING

Ryan Rose rrose@review.net

Ted Harter tharter@review.net

Tiffnie Robertson troberts@review.net

Richard Rosen richard@review.net

WARFIELD MEDIA CO.

222 CLEMATIS STREET, SUITE 200

WEST PALM BEACH, FLORIDA 33401

561 804 9505

561 804 9050 fax

REVIEW.NET

www.review.net — Review.Net Florida

http://georgia.review.net — Review.Net Georgia

http://carolinas.review.net — Review.Net Carolinas

PUBLIC RELATIONS

Alexander Communications Inc.

STRATEGIC PARTNERS

Digex, Individual Inc., BackWeb

Technologies, Quote.Com, Time Warner

Communications, NetDelivery

by martin donskey

## editor's notebook



### what we're all ABOUT

WE STARTED digitalsouth to chronicle the growth of the technology economy in this region, for better or worse. We're here to inform, educate, challenge, entertain and, from time to time, even provoke you. You may not agree with everything we publish, but if we do our jobs right you'll come back each issue.

Our publisher's roots in this business go back more than 100 years. The Warfield family is one of the most well-known in the Mid-Atlantic. The first Edwin Warfield was a banker, land surveyor, governor and legal publisher. My boss, Edwin Warfield IV was the driving force behind *Warfield's* magazine in Baltimore in the 1980s. He's an entrepreneur who caught the digital vision a few years back and has committed his time, energy and capital to creating a new media company.

We launched this publication because the digital playing field expanded greatly in the mid-1990s. There's a lot going on that has yet to show up on the Silicon Valley radar screen. As our cover story package points out, this region is a hotbed of technology and entrepreneurial efforts.

But there are no publications that focus on the intersection of capital and technology in the South. Indeed, daily newspaper editors are still debating how stock listings can

be made even more compact to save newsprint.

We're committed to devoting all of our energies to the technology companies, venture capitalists, bankers and industry people who are driving the digital economy throughout our 13-state region. Many of the entrepreneurs we will write about already are building successful companies; others are just starting out; still others have tried and failed.

There are dozens of success stories across the region. Yet for every SAS Institute in Raleigh, MindSpring Enterprises in Atlanta, Digex in Beltsville, Md., or Citrix Systems in Fort Lauderdale, there are dozens of tech wannabes that won't ever amount to much. (Case in point: The Panda Project is a Boca Raton, Fla., one-time high-flyer that has burned through \$50 million trying unsuccessfully to reinvent the PC. The good news is that VCs steered clear of the company; the bad news is that the investing public didn't.)

My roots as a journalist go back to my high school days in the mid-1960s. I have spent 16 of the past 24 years as a reporter and editor in North Carolina and Florida. My Florida years included five as editor of weekly business journals in Tampa Bay and South Florida. My North Carolina years included three as senior editor of *Business North Carolina*, writing mostly about banking and finance.

I welcome you to digitalsouth. I know you'll be back each issue, and I expect to hear from you.

*Editor-in-chief Martin Donsky can be reached at mdonsky@review.net*



technology  
startups are  
**SPROUTING** through-  
out the South.  
VCs are staking  
their claims, and  
the money  
is flowing.

by danialle weaver  
and martin donskey

# critical mass

LAST YEAR, Stephen Fleming and Michael Henos reviewed more than 400 technology business plans submitted by entrepreneurs in Georgia and the Southeast. The two men, partners in Alliance Technology Ventures, an Atlanta venture capital firm, did only four deals, but each was good enough to include syndicate partners from Silicon Valley and Boston's Route 128.

In North Carolina at least eight home-grown venture capital firms are soliciting money from investors to start new funds. Some of these firms already have closed their first funds and have begun raising more money.

And in Florida, two new media startups — America's Health Network in Orlando and SportsLineUSA in Fort Lauderdale — have drawn more than \$100 million from venture

investors since mid-1995.

These are but three pieces of anecdotal evidence that have prompted many observers to conclude that the South, once the nation's economic backwater, has over the past few years evolved into a hotbed of entrepreneurial activity, much of it involving information technology, telecommunications and new media.

Surveys confirm these trends. For the past two years, according to the annual Price Waterhouse national survey of venture capital investments, the South has ranked third in VC investments, just under New England.

Price Waterhouse included eight states in its regional analysis: Alabama, Florida, Georgia, Mississippi,



**Charles Moseley:**  
Bets on past  
winners.

North Carolina, South Carolina, Tennessee and West Virginia. Include Arkansas, Kentucky, Louisiana, Maryland and Virginia — states traditionally considered part of the South — and the region's stature grows even more. In fact, last year, the South would rank second, above New England, in VC

dollars.

The **13 states** in the region drew \$1.3 billion in venture capital investment last year from 150 different funds, according to our analysis of the Price Waterhouse numbers.

Nobody is suggesting that this region will replace Silicon Valley, which still gets the lion's share of VC



"they say that on the INTERNET no one knows you're a dog. Well, no one knows you're a SOUTHERNER, either!"

dollars — 25 percent of the approximately \$10 billion invested last year, according to the PW survey and Coopers & Lybrand's annual Money Tree Report. Silicon Valley's technology culture and lifestyle — spawned by 40 years of technological innovation and still growing — is unlikely to be duplicated in any other part of this country, despite the hopes of Chamber of Commerce types through the South who, regardless of location, have begun calling their markets "Silicon Beach," "Silicon Bay," or "Silicon anything."

But venture capitalists and others say the South is reaching critical mass. It has taken 20 or more years, but the ingredients needed to seed and start a technology business — money, ideas, infrastructure and management — are increasingly available in this region.

**our analysis** of last year's investing patterns bodes well for the South and its growing digital economy.

Last year, for example, about 60 percent of all venture investments went to locales outside Silicon Valley and New England, the country's other traditional venture market. And, barring unforeseen circumstances such as a contraction of capital overall, geographical diversity in investing is likely to continue.

"As long as venture capitalists continue to get good overall returns, they will be more willing to invest in

non-traditional geographic areas," says Kurt Walden, national director of the Price Waterhouse survey.

"There's every indication that this trend will continue into 1997," says James D. Atwell, director of Cooper's Money Tree Report.

In fact, it already has. In the first quarter of 1997, five venture firms invested in Alabama companies, according to Price Waterhouse. One was from Alabama, one was from Chicago, one was from Virginia and two were from Boston. And firms in North Carolina, Georgia and Florida, too, saw most of their first-quarter VC money come from outside the state.

Some of **the money** is coming from firms that traditionally invest in the Southeast and Mid-Atlantic. Some is coming from home-grown VCs that have raised their first \$10 million or \$15 million. But capital requirements can overwhelm the resources of regional VCs, most of which are relatively small. Almost by definition, that means Southern companies must find outside investors. It is increasingly common, in fact, for a deal to involve a syndicate of VC investors from within the region supported by larger, national VC firms based in Silicon Valley, New England or New York.

Look at the list of VC deals in the region last year and you'll see a mix of Southern-based venture capitalists and others. Lawrenceville, N.J.-based Edison Venture Fund was the busiest, with six deals, according to our analysis of the PW survey. Other leading investors included Atlanta's Cordova Capital Partners, TL Ventures in Wayne, Pa., NEPA Venture Fund in Bethlehem, Pa., Intersouth Partners in North Carolina's Research Triangle, Baltimore's New Enterprise Associates, Massey Burch's Southern Venture Fund in Nashville and Boston's OneLiberty Ventures.

## Southern Deal Flow - 1996

**\$1.33 BILLION** invested in companies based in 13 Southern states

**150 DIFFERENT** venture capital funds

**FLORIDA** was leading recipient, with \$388.7 million

**VIRGINIA** ranked second, with \$222.8 million

**NEARLY 200 COMPANIES** based in 13 Southern states received start-up or additional round financing

**ABOUT 85 PERCENT** of the deals were technology, communications or health care-related.

**LEADING CATEGORIES** were computer hardware, software, telecommunications and network equipment

**MOST ACTIVE INVESTORS** included Edison Venture Fund, Cordova Capital Partners, TL Ventures, NEPA Venture Fund, Intersouth Partners, New Enterprise Associates, Massey Burch and OneLiberty Ventures

Source: Price Waterhouse National Venture Capital Survey

**the deal** flow also shows that many of the high-profile venture firms based in Silicon Valley and New England are taking a closer look at deals in the South and working in conjunction with regional VCs. This includes VCs such as Kleiner, Perkins, which kept Fort Lauderdale's SportsLine afloat in its early days, Hummer-Winblad Ventures and Draper Fisher Associates.

**no doubt**, this newfound interest in the South reflects the fact that record amounts of venture capital are being raised. In short, there's simply more money out there looking for a home.

"Silicon Valley has evolved to the point where there is too much capital



## "Silicon Valley has evolved to the point where there is too much capital chasing too few good deals."

chasing too few good deals," says Gene Riechers, a managing director at Friedman, Billings, Ramsey & Co., an Arlington, Va., investment banking firm. "The Southeast has the opposite problem."

Indeed, some VCs on this coast have no interest in Silicon Valley.

"If the business plan is coming from California, we're not interested," says Ross Martinson, a partner with the Edison Venture Fund, which has \$160 million under management and makes 80 percent of its investments in the Mid-Atlantic.

The South also is attracting more investment dollars because its economy is strong. A regional economic forecast released in late May by DRI/McGraw-Hill shows states in the South and the West will enjoy the strongest average gains in population, employment and income of all U.S. regions. The South's chief economic engine is Florida, which will experience the fourth-largest employment growth of any state dur-

ing the next decade, behind Nevada, Arizona and Utah. The South also has lower business costs, a generally favorable tax and regulatory climate and warm weather, which "will continue to attract people and businesses," the study says.

But there's far more at play here.

"We are seeing much more interesting technology stuff than we did in the '80s, and that's a function of the maturing of the territory [and] the infrastructure," says Charles Moseley, co-founder of Atlanta's Noro-Moseley partners, which has \$150 million under management.

## \$40 million is LIFE BLOOD for this startup

IF YOU HAPPEN to find yourself in Orlando touring Universal Studios Florida, you may wish to stop by a certain sound stage.

There, if you listen carefully, you'll hear millions of dollars changing hands.

That's because Universal Studios is home base for America's Health Network, a startup medical television network that attracted more venture capital than any other company in the South in 1996 (excluding buyouts and secondary purchases), according to our analysis of the 1996 Price Waterhouse National Venture Capital Survey.

AHN raised \$40 million in second-quarter 1996 from Medical Innovation Partners, a Minneapolis venture capital firm. In the first quarter of this year, Medical Innovation Partners pumped an additional \$24 million into AHN.

Other initial investors included IVI Publishing, the electronic publishing arm of The Mayo Clinic, and *The Providence Journal*.

The *Journal* launched AHN in March 1996 to provide original programming on health and medical issues round-the-clock. It is currently delivered via cable television and direct satellite broadcast to about six million U.S. households in all 50 states. AHN's programming includes several viewer call-in shows, such as "Ask the Doctor," and news on medicine, nutrition

and wellness. One of the network's major sources of income comes from the sale of various health care products on the show.

America's Health Network made headlines in mid-May — after the most recent cash infusion — when newspaper publisher and broadcaster A.H. Belo sold its controlling interest in the network to Columbia/HCA Healthcare Corp. for an undisclosed price. Belo, which publishes six newspapers, including the Dallas Morning News, had acquired its stake in AHN when it bought *The Providence Journal*.

Belo unloaded the property because it was said to be unwilling to provide the deep pockets required to fund the start-up network.

Broadcasting & Cable, an industry trade publication, said Belo's investment in the network totaled about \$45 million. Belo will retain a minority stake, however.

The purchase complements Columbia's existing health care information initiatives, which include a magazine and a Web site that received 4.5 million hits in the first quarter of 1997. Columbia will distribute AHN's programming in its extensive network of U.S. health care facilities. AHN said it would retain its editorial and operational independence from Columbia, the nations' largest health care provider.

— DANIALLE WEAVER



Large, **established** technology companies such as Harris Corp. in Melbourne, Fla., and Scientific-Atlanta in Atlanta certainly have contributed to this maturation process. And don't discount the spinoffs from defense projects in places such as Huntsville, Ala. and Florida's Space Coast.

"The South has some very strong universities and some large corporate research efforts," says Monro Lanier, vice president of Hickory Venture Capital, a \$90-million, VC firm based in Huntsville, Ala.

An increase in experienced management talent also helps — people who have started one company, cashed out and started all over again. "I think that's one of the things that we're seeing change around here," Moseley says. His firm has invested in several companies precisely because it had dealt with their managers before. "That makes it easier because you know each other well, and you're dealing with more experienced management."

"Managers who have been there and done that before are a hot commodity — that's especially true of the Southeast," adds Intersouth Partners general partner Mitch Mumma.

Intersouth, based in Durham, N.C., has \$50 million under management and focuses on the Southeast and Mid-Atlantic.

Witness Richard Holcomb in Raleigh or Olin Broadway in Charlotte. Holcomb started and built Q+E Software before selling it to Intersolv in 1994. Now he is founder and CEO of HAHT software, a Triangle software firm that has drawn lots of national interest as well as venture dollars; Broadway co-founded a software firm that still

bears his name; these days, he's involved in another technology start-up in Charlotte, Sonata Systems. Meanwhile, Bill Neal, former CEO of Broadway & Seymour, recently teamed up with two former Wall Street investment bankers to start a venture capital fund in Charlotte called Piedmont Venture Partners.

Such activity, relatively new to the region, is commonplace in Silicon Valley.

The **quality** of business plans coming across the desks of VCs also is improving. That's because the region has acquired a heightened awareness of the need to school younger entrepreneurs in building a good business plan. Also, more educational institutions or entrepreneurial clubs are explaining the nuts and bolts of venture investing and providing entrepreneurs with the opportunity to network with service providers such as lawyers, accountants, investment bankers and others.

"The South has been planting and fertilizing for quite some time," says Hickory Venture's Lanier. "Now we're beginning to see the fruits of this growth."

At least one other factor is at work. And you can thank Silicon Valley for that.

When it comes to deciding where to base a start-up, advances in networking and communications technologies — essentially the growth of the Internet — pretty much have leveled the playing field.

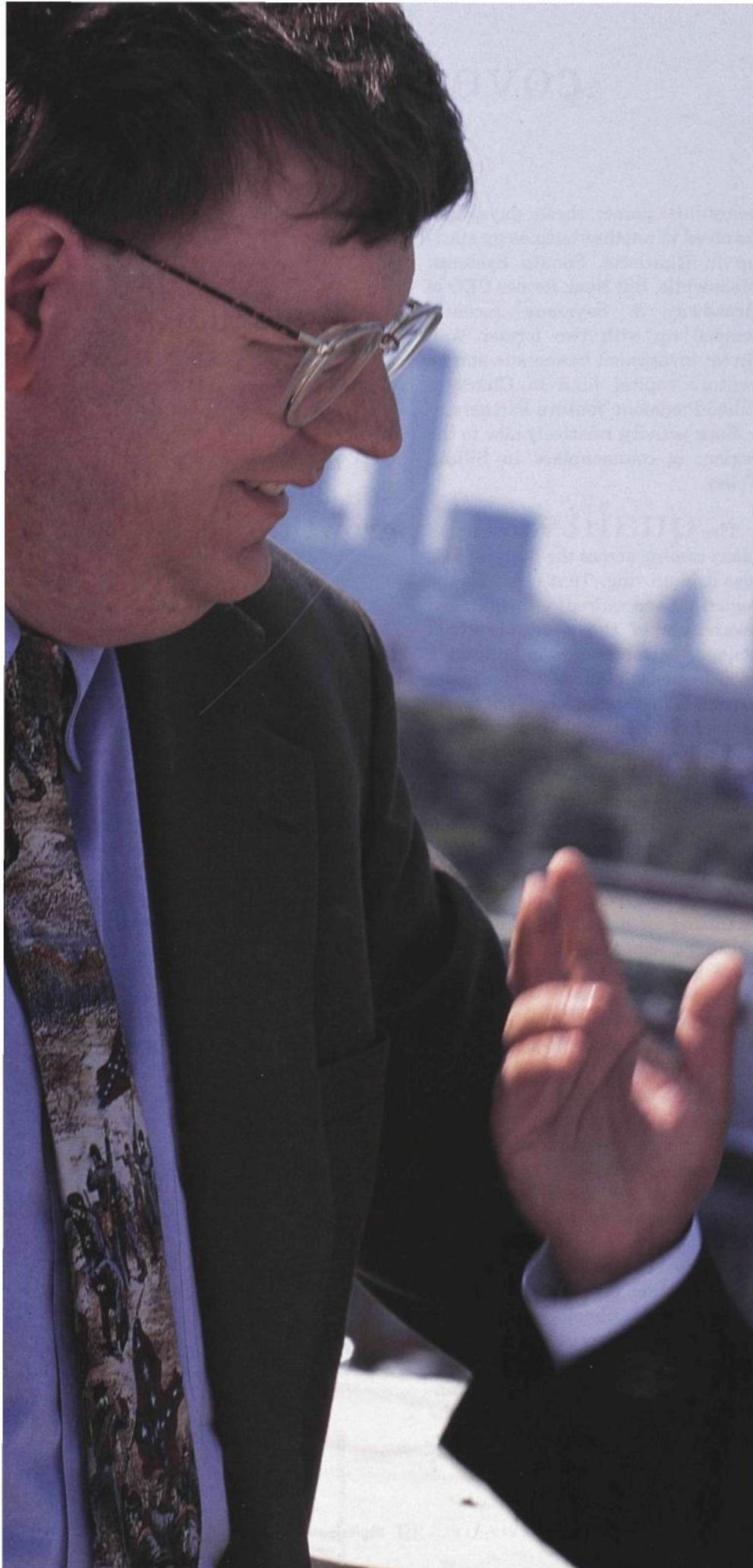
In a speech last February to *Red Herring's* Venture Market South in Atlanta, which drew nearly 500 VCs, bankers and technology executives, Fleming made precisely that point. "As predicted for years in science fiction, the Internet explodes the tyranny of geography. They say that on the Internet no one knows you're a dog. Well, no one knows you're a Southerner, either!"

"The South has been planting and fertilizing for quite some time. Now we're beginning to see the **FRUITS** of this growth."

All **joking aside**, Fleming added: "A Web surfer doesn't care where you're located. He just cares that you have a fast server, a high-bandwidth pipe to the Net and a site that's worth his time. Our lonely basement hacker can't compete with Intel on microprocessors ... but he can compete against the whole world with a new Java applet."

The VC made one more point worth repeating here. "This is not a zero-sum game Silicon Valley doesn't need to lose in order for the South to win," Fleming told the gathering. "We believe we have some unique strengths, but our success won't take place in a vacuum. Just as the rising tide floats all boats, we believe that the new digital economy will flourish everywhere — not just in traditional high-tech strongholds." ■■





## **ATV's Portfolio**

ALLIANCE TECHNOLOGY VENTURES has invested in nine companies since its formation in 1994. As we went to press, initial public offering were pending for two of the companies. Here's a brief look:

### LIFE SCIENCES

**ATHEROGENICS**, an Atlanta company that detects and treats coronary artery disease.

**DISCOVERY THERAPEUTICS** of Richmond, VA, which develops new treatments for Parkinson's Disease and other disorders.

**NEOCRIN**, an Irvine, CA, start-up that is developing a biohybrid pancreatic tissue transplant process as a cure for diabetes.

**RENALOGICS**, an Atlanta firm that is developing new treatments for kidney disease.

### INFORMATION TECHNOLOGY

**RF MICRO DEVICES**, of Greensboro, NC, which designs and develops sophisticated integrated circuits for wireless applications (RF MICRO went public in early June).

**SYNCHROLOGIC**, an Atlanta firm that builds client/server middleware and development tools for the Internet and other networks.

**SPORTSLINE USA** of Fort Lauderdale (now, CBS SportsLine) an online sports news and information publisher (IPO pending).

**VIDEO NETWORKS**, an Atlanta firm that distributes video programming.

**CARE CENTRIC SOLUTIONS** of Atlanta, which is developing tablet-based client/server solutions for home health care and other skilled-nursing applications.



alliance  
tech partner  
STEPHEN FLEMING  
talks about  
venture  
money in  
the south

# new kid on the block

IN JUST THREE YEARS Alliance Technology Ventures has carved a niche for itself as a regional player in the venture capital industry. Based in Atlanta, Alliance now has \$35 million under management and expects to close on a second fund — this one about \$80 million — early next year.

Alliance ([www.atv.com](http://www.atv.com)) specializes in life sciences and information technology deals and has invested in nine companies — eight of which are based in the South. That's not surprising. The firm looks first to regional companies seeking venture dollars.

Alliance's investments include a piece of Fort Lauderdale-based SportsLine USA, the high-profile,

online sports information publisher that received a \$100 million investment from CBS this winter. As we went to press, the company, renamed CBS SportsLine, was preparing for a closely watched initial public offering. Another Alliance deal, RF Micro Devices, a Greensboro, N.C., company, sold 3 million shares at \$14 each the first week of June.

Corporate and institutional investors in Alliance represent a Who's Who of the South's power structure. Those investors are Cox

LOUIS CAHILL





Communications, Georgia Power, BellSouth, UPS, NationsBank, Emory University and Georgia Tech.

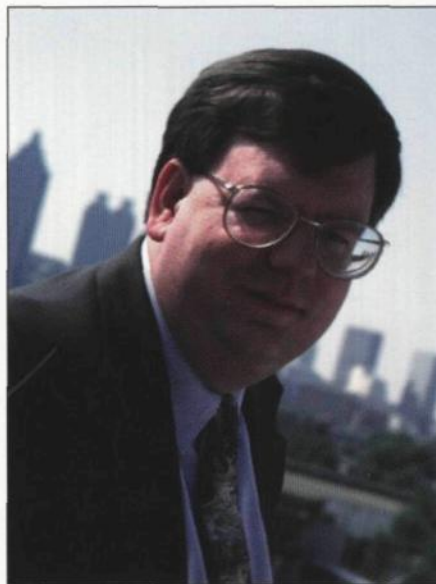
The fund's two general partners are Michael Henos, an experienced venture capitalist who, prior to forming Alliance, was a general partner with Aspen Ventures; and Stephen Fleming, who has an operations background in telecommunications, working for companies such as AT&T, Bell Laboratories, Northern Telecom and LICOM, a venture-backed start-up.

Fleming, an Atlanta native and Georgia Tech graduate who has become a spokesman of sorts for the regional VC industry, recently spoke with digitalsouth about the movement of venture money into the South.

**Q. We've heard entrepreneurs and political types complain that there's a lack of venture capital in the South. Yet we've heard others say that good deals get funded, regardless of location. What are your thoughts?**

**A.** Not all **good deals** get funded, and geography is sometimes the killer factor. But a grain of truth can be expanded to an entire loaf of nonsense. No, there isn't enough venture capital in the South. That just means entrepreneurs need to compete harder for it. They compete by tightening up their deals and working harder to find investors.

A relative lack of capital doesn't mean a complete lack ... after all, over a billion dollars was invested in venture deals in the Southeast in 1996, according to the annual Coopers & Lybrand Money Tree survey. That means there's enough for any one entrepreneur's company, if he or she will go out and find it!



**Q. What's driving this infusion of technology investment dollars into the region?**

**A.** I think it's the **growth** of the Sunbelt in general. This is a better place to live — weather, cost of living. It's a better place to build companies — friendlier legislative climate. It's a new frontier in many respects. The growth of venture investment in the South is going to continue. Save your Confederate dollars, mama, the South is gonna rise again!

**Q. Alliance Technology Ventures was formed to pay special attention to opportunities in the Southeast and Georgia. Are you finding good enough deals?**

**A.** Yes. Michael Henos focuses on biotechnology and medical devices. He's pulling deals out of academic environments and doing quite well. I focus on telecommunications and information technology, and I'm just swamped. There are lots of good ideas out there, backed by smart entrepreneurs.

**Q. What do you look for in a deal? Which is more important, a business plan or the people behind it?**

**"The growth of VENTURE INVESTMENT in the South is going to continue. Save your Confederate dollars, mama, the South is gonna rise again!"**

**A.** People, **people**, people. We've invested without a business plan before and will do it again in a heartbeat when we find the right entrepreneur.

After people comes (1) a large, fast-growing market, and (2) innovative and proprietary technology. Get those three factors together, and we can probably figure out a deal.

**Q. What disadvantages, if any, are faced by Southeast-based tech companies? To what degree does being in Silicon Valley help (or hurt?) a tech company?**

**A.** It's a lot harder to hire CEOs. Usually, you want someone who's been around the block before. By and large, that means we're targeting Silicon Valley and Route 128 executives. They're worried about relocating down here, since they don't have as many options for their next job as they would back home. ■■



# venture DEALS

Venture capitalists poured about \$1.3 billion into the region in 1996. We've culled these deals from a national database compiled by Price Waterhouse, which identified nearly 200 venture investments involving companies based in the South. This list is a sampling of the deals, focusing on technology and life sciences. The deals included on this list do not include buyouts or mergers and acquisitions.

COMPANY	STATE	DESCRIPTION	AMOUNT	ROUND*	INVESTORS
America's Health Network	Fla.	Cable TV network	\$40,000,000	second	Medical Innovation Fund
Firearms Training Sys.	Ga.	Supplier of small arms simulators	\$36,000,000	not disclosed	Centre Partners, NationsBank Leveraged Capital Group
First Marketing Co.	Fla.	Customer newsletter publisher	\$33,000,000		Summit Partners
SportsLine USA	Fla.	Online sports information	\$27,000,000	second, third*	Reuters, Alliance Technology Ventures, TCI Lightspan, US West, NY Life Ventures, Kleiner Perkins Caufield & Byers, Antares Capital
Civic Communications	Miss.	TV broadcasting	\$25,000,000	third	Alta Communications, Burr Eagan Deleague & Co., BancBoston Capital/BancBoston Ventures
Fairchild Industrial Prod.	N.C.	Industrial controls, transmissions	\$23,500,000		Provident Bank, Allied Capital
CompuCare Co.	Va.	Software/info systems for hospitals	\$22,300,000	follow-on*	Morgan Stanley Ventures, Trident Capital
U.S. One Communications	Miss.	Telecommunications provider (local exchange)	\$22,040,568	first	Fleet Equity Partners, Burr Eagan Deleague & Co.
Global Telesystems	Va.	International telecommunications	\$20,000,000	fourth, beyond	GCC Investments
Park 'n View	Fla.	Cable, phone hookups for truck cabs at truck stops	\$19,379,000	second, third*	Patricof & Co., state of Michigan pension fund, Eurosuez Cap. Mgt. CKS Ventures, Benefit Cap.
Production Group Int.	Va.	Event, destination mgmt.; video/multimedia	\$18,400,000	follow-on*	Merifin Capital, Sierra Ventures, Trident Capital
Triton Systems	Miss.	Manufactures low-cost ATM machines	\$17,000,000		Summit Partners
Intellon	Fla.	Electronics & instrumentation	\$12,000,000	first	Boston Venture Capital Group, Arete Ventures
Communications Sys.	Md.	Telecommunications equipment and software	\$8,020,000	bridge/mezz.	Spectrum Equity Investors, Falcon Ventures, Tritech Ptrs., Japan Associated Finance, Hancock Venture Ptrs., Triad Investors Group
Cardiologic Systems	Md.	Manufacturers automatic CPR vest	\$8,000,000		BKP Partners, Berjaya, Horn Venture Ptrs., Anthem Capital, Allstate Venture Capital
Netlink Communications	N.C.	Frame relay internetworking products	\$8,000,000	follow-on	Bay Ventures — Moore Cap., Accel Ptrs., ABS Ventures, St. Paul Capital, One Liberty Ventures, Institutional Venture Partners
InterZine Productions	Fla.	Online sports publications	\$7,660,000	second	Southern Venture Fund, America Online, TCI Lightspan, Trans- National Group Venture Capital, Roman Arch Fund, Draper Fisher Associates
T/R Systems	Ga.	High-performance color computers	\$7,552,000	second	Crown Associates III, Aperture Associates, Crown-Glynn, Noro- Moseley Partners
Telecorp Holdings	Va.	PCS provider	\$7,500,000	initial/seed	Chase Venture Capital, Northwood Ventures, OneLiberty Ventures, Media Communications Partners



## DEALS

PictureVision	Va.	Internet photography-related services	\$6,300,000	first*	Aperture Associates, Plaza Create, Oak Investment Ptrs., Benchmark Capital
ISR Global Telecom	Fla.	Telecommunications software	\$6,000,000	second	Weiss Peck & Greer Venture Partners, Vertex Management, Och-Ziff Capital Management
Phoenix Wireless	Fla.	Wireless local-loop	\$6,000,000	bridge/mezz.	Battery Ventures, BancBoston Capital/BancBoston Ventures
Sentient Networks	Fla.	Network information technologies	\$6,000,000	follow-on	Sevin Rosen Funds, Sequioa Capital, Odyssey Capital Group, Accel Ptrs.
@Plan	Tenn.	Advertising/market research	\$5,774,000	initial/seed, follow-on*	Southern Venture Fund II, Richland Ventures, Massey Burch Investment Group.
Brunswick Biomedical	Md.	Critical care & emergency life support devices	\$5,750,000	fourth & beyond	Clarendon Capital, Morningside Group, Commonwealth Bioventures, BancBoston Capital, BancBoston Ventures, Dillon Read Capital
CareCentric Solutions	Ga.	Point-of-care information processing	\$5,700,000	second	Alta V, Biotech Investments, Axiom Venture Partners, Tech. Funding Venture Partners, Domain Partners III, Capital Health Venture Partners, American Healthcare Fund
PathNet	Md.	Broadband PCS	\$5,500,000	initial/seed, bridge/mezz.*	Corman Foundation, Spectrum Equity Investors, Onset Ventures, New Enterprise Associates, IAI Venture Capital Group
Lightspeed International	Va.	Manufactures long-distance telco. equipment	\$5,500,000	initial/seed	Vanguard Venture Partners, JAFCO America Ventures, Sevin Rosen Funds
Lynk Systems	Ga.	ATM/POS transaction processing	\$5,250,000	fourth & beyond	Robinson Humphrey, Technology Crossover Ventures, Cordova Capital Ptrs., Sutter Hill Ventures
HAHT Software	N.C.	Internet/intranet application development tools	\$5,045,000	second	Hummer Winbald Partners, High Technology Associates, JMI Inc.
Visual Networks	Md.	Frame relay and WAN network test and mgt. eqipt.	\$5,024,000	second**	Tritech Partners, Venrock Associates, Edison Venture Fund, NEPA Venture Funds
Visteon	Fla.	Medical management software	\$5,000,000	first	Canaan Partners, InterWest Ptrs.
Mercury PSC	Miss.	Wireless voice and service provider	\$5,000,000	bridge/mezz.	Alta Communications, Burr Eagan Deleague & Co.
BPM Technology	S.C.	CAD rapid prototyping machines	\$4,740,000	second*	VAXA Corp., Cordova Capital Ptrs., Richland Ventures, Palmetto Seed Capital Corp.
Communications Site Int'l.	Va.	Wireless communications transmission	\$4,000,000	third	UST Private Equity Fund, Edison Venture Fund, Lawrence Tyrrell Ortale and Smith
Export Software	Va.	Software for exporters	\$4,000,000	first	Battery Ventures
Digital Express	Md.	Communications	\$3,750,000	second	Southern Venture Fund Advent
Net Edge	N.C.	Data networking equipment	\$3,679,000		Int'l., Menlo Ventures, TA Associates, Foundation Capital
Avatar Solutions	Va.	Software tools for legacy systems/Year 2000	\$3,600,000	initial/seed	Spinnaker Fund, Sierra Ventures, Soundview
NPRI Communications	Va.	Customer interactive software	\$3,500,000	initial/seed	Noro-Moseley Partners, Edison Venture Fund



## DEALS

Picture Network Int'l.	Va.	Software and information	\$3,500,000	*	Marquette Venture Partners, MVP Affiliates Fund
Versatility Communications	Va.	Interaction software/telephone integration	\$3,500,000		Noro-Moseley Partners, Edison Venture Fund
Monitoring Technology	Va.	Signal processing technology	\$3,100,000	first	TDH III
First Mortgage Network	Fla.	Software & network support for real estate lending	\$3,000,000	bridge/mezz.*	Canaan Partners, Dominion Ventures
Data Labs	Md.	Communications	\$3,000,000	first	Edison Venture Fund, Bessemer Venture Partners
Performance Awareness	N.C.	Load-testing software for distributed computing	\$3,000,000	first	NationsBank Leveraged Capital Group
Interactive Media	Fla.	Home electronics controls	\$2,750,000	follow-on*	TL Ventures
PCS Development Corp.	S.C.	Narrowband wireless personal communications	\$2,418,000	first*	Marquette Venture Partners II and MVP II Affiliates Fund MDT Advisers
Synchrologic	Ga.	Client-server software	\$2,350,000	first	Gray Ventures, Imlay Investments, Alliance Technology Ventures, Noro-Moseley Partners
Internet Security Systems	Ga.	Security analysis software	\$2,050,000		Greylock Ltd.
InTek	Ga.	Client-server software, modeling tools	\$2,000,000	first	Edison Venture Fund
Sequoia Software	Md.	Document imaging and mgt.	\$2,000,000	first	NEPA Funds, Anthem Capital
Campus America	Tenn.	Educational software	\$2,000,000	third	Cordova Capital Partners
Database Solutions	Va.	Database tools	\$1,900,000	first	Edison Venture Fund
Intelligent Interacting	Va.	Advertising technology in interactive media	\$1,800,000	initial/seed	Zero Stage Capital, Trinity Ventures
NetStart	Va.	Internet software for employment screening	\$1,510,000	first	New Enterprise Associates, 21st Century Investors
Systems Techniques	Ga.	Information technology consulting	\$1,500,000	first	Cordova Capital Partners
Form Maker Software	Ga.	Electronic forms and imaging software	\$1,461,000	third	TL Ventures
NetSolve	Md.	Information Technology asset management software	\$1,250,000	first	Draper-Richards, Tritech Ptrs., NEPA Venture Funds
CogniTech	Ga.	Personal productivity software	\$1,200,000	second,	Cordova Capital Partners
Circuit Board Assemblers	N.C.	Electronics mfg. for telecom.	\$1,000,000	third	Blue Ridge Investors
Enterprise Network Apps.	Ga.	Security technology	\$912,000	follow-on*	CIP Capital, unspecified others
Seagull Business Software	Ga.	GUI-400 grapher user interface	\$827,000		Advanced Technology Ventures
Nurse On Call	Ga.	Telephone-based nursing software	\$750,000	third	Plantinum Venture Partners, New Enterprise Assoc., Frotenac Co., Franklin Venture Capital
XL Vision	Fla.	GIS scanners, medical imaging	\$713,000	third	TL Ventures
AirNet Communications	Fla.	Wireless base stations for telecom.	\$700,000		Linc Capital Partners
Sawgrass Electronics	Fla.	Integrated circuits	\$700,000	follow-on	Antares Capital
Lambda Technologies	N.C.	Advanced materials processing	\$620,000		Intersouth Partners
Accipiter	N.C.	Internet advertising and software	\$500,000	initial/seed*	Intersouth Partners
InfoPartners	Tenn.	Health care info. systems mgt.	\$500,000	third	Nelson Capital Corp.
Cypress Communications	Ga.	Electronic communications for tenants	\$485,000	initial/seed	Centennial Fund
Imagination Software	Md.	Software for document management	\$450,000	first	Clarion Capital Corp.
NAT Systems International	Va.	Enterprise client-server tools	\$282,000	third	Technology Crossover Ventures, Integral Capital Partners, Kleiner Perkins Caufield & Byers
Cell Call	Ky.	Wireless communications networks	\$281,000	bridge/mezz.	OneLiberty Ventures, Media Communications Ptrs., Massey Burch, Charles River Ventures
TelePresent	Md.	Internet service	\$150,000	initial/seed	Calvert Social Venture Partners

Source: Price Waterhouse LLP National Venture Capital Survey, 1996. \* Indicates two or more investments during the year. For more information, visit the Price Waterhouse Venture Capital Web site at [www.pw.com/vc](http://www.pw.com/vc)





## Venture Deals

Venture capital partnerships continued their aggressive pursuit of deals in the South in the first quarter of this year. Here's a look at technology-oriented investments, according to data compiled by Price Waterhouse.

company	state	description	amount	round	investors
SBA Communications	Fla.	Wireless site acquisition	\$30,000,000	first	TA Associates, ABS Ventures, Hillman Ventures
Telebanc Financial	Va.	Branchless banking	\$30,000,000	second	Intersouth Partners
America's Health Network	Fla.	Health care info TV network	\$24,500,000	second	Medical Innovation Fund
Witness Systems	Ga.	Call-center monitoring software	\$6,800,000	first	Battery Ventures
Charter Communications	Ga.	Telecommunications	\$5,700,000	first	Sanders Morros Mundy, Cordova Capital Partners
Universal Tax Systems	Ga.	Tax software, electronic filing services	\$5,000,000	fourth & beyond	BancOne Capital Partners
Picture Vision	Va.	Digitizing Internet application	\$5,000,000	n/c	Aperture Associates, Benchmark Capital, Oak Investment Partners
Online Resources	Va.	Online home banking	\$4,500,000	first	Apex Investment Partners
Eclipsys	Fla.	Write & outsource hospital software	\$3,600,000	other	St.Paul Venture Capital
T/R Systems	Ga.	Low-cost desktop printers	\$2,500,000	third	Aperture Associates, InterWest Partners
PaySys International	Fla.	Credit card, transaction processing software	\$2,000,000	n/c	Oak Investment Partners
Internet Security Sys.	Ga.	Network security monitoring software	\$1,400,000	first	Sigman Partners, Kleiner, Perkins, Caufield & Byers, Greylock
ISR Global Telecom	Fla.	Communications network management	\$1,038,000	second	Bessemer Ventures Partners
Interactive Media Sys.	Fla.	Interactive residential electronic monitors	\$1,000,000	n/c	TL Ventures
Grant Television	Fla.	Startup TV station in Buffalo	\$1,000,000	other	Alta Communications, Burr Egan Deleage & Co., Allied Capital
First Mortgage Network	Fla.	Real estate loan software and network	\$1,000,000	follow-on	Dominion Ventures, Canaan Partners
NeuralMed	N.C.	Neural network software	\$1,000,000	second	Edgewater Private Equity Fund, Equity Dynamics
BPM Technology	S.C.	Portable 3-D rapid prototyping machine	\$1,000,000	follow-on	Cordova Capital Partners
CyberSystem Technologies	Md.	Health care network, electronic commerce	\$700,000	first	Anthem Capital
Comm Site International	Va.	Wireless communications transmission facilities	\$700,000	second	U.S. Trust, Tyrrell Ortale and Smith, Edison Ventures
Davis Broadcasting	Ga.	Radio station	\$650,000	second	MESBIC Venture Holding Co., Medallion Funding Corp.
IntraSoft	N.C.	Network management software	\$600,000	initial/seed	CI Partners
Picture Network Inter.	Va.	Internet content	\$518,000	n/c	Marquette Venture Partners & MVP Affiliates Fund
CelCore	Tenn.	Wireless local loops	\$463,000	n/c	Bessemer Venture Partners
Sawgrass Electronics	Fla.	Hybrid and application-specific ICs	\$400,000	bridge/mezz.	Kislak Capital Corp., Antares Capital Corp.
Seasafe	La.	Manufacture fiberglass gratings, cable trays	\$200,000	n/c	BancOne Equity Partners
Thermo Info. Solutions	Ala.	IT products and services	\$90,000	second	Walnut Capital Group

Notes: n/c means investment not classified; all information from Price Waterhouse National Venture Capital Survey, First Quarter 1997