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# Venture Capital in the Southeast: *The View from 2005*

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# Technology in the Southeast

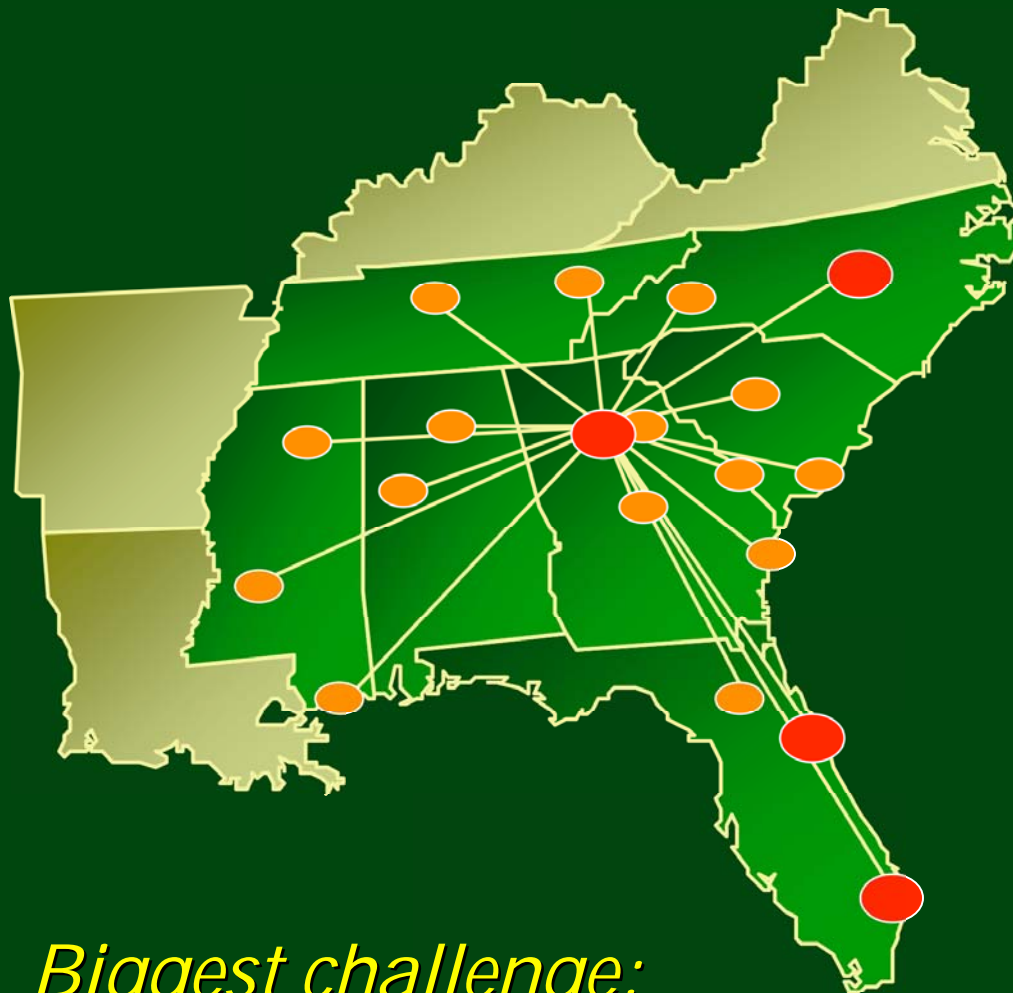
Introduction

Technology

Fund Status

Statistics

Opportunity



Multiple technology centers.

*Anchored by:*

- Atlanta,
- Research Triangle,
- Florida.

*Pockets of innovation:*

- Universities,
- Federal R&D centers.

*Biggest challenge:*  
Lack of local venture capital.

# Southeast VC Funds

Introduction

Technology

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Opportunity

- Most early-stage funds are dormant or dead.
  - Many firms have shut down entirely.
  - Former early-stage leaders have shifted focus to later-stage deals.
  - Remaining early-stage players are spending disproportionate time on existing portfolio, not new deals.
- The worst is behind us... but the worst was pretty darn bad.

# National VC Investment

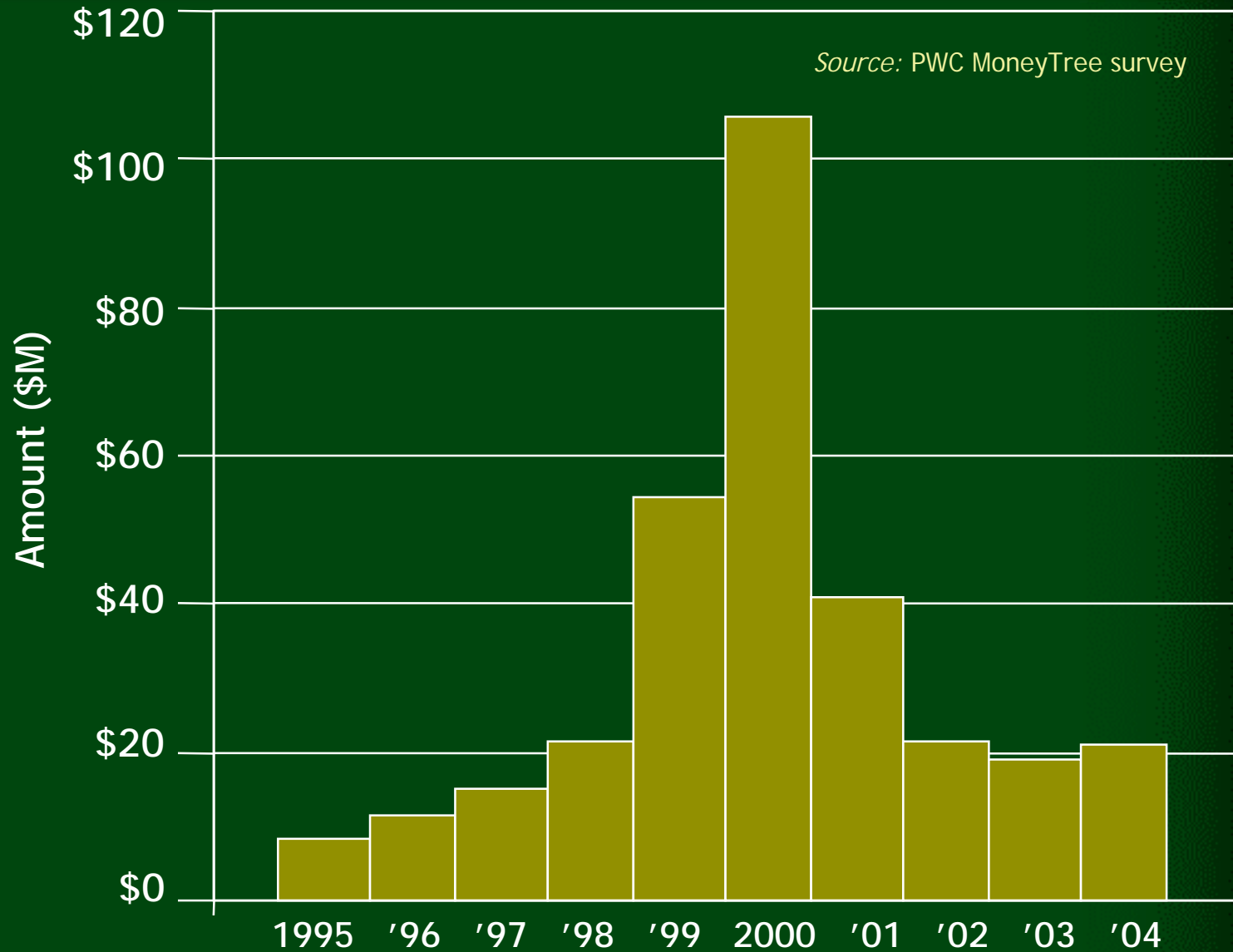
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# Southeast VC Investment

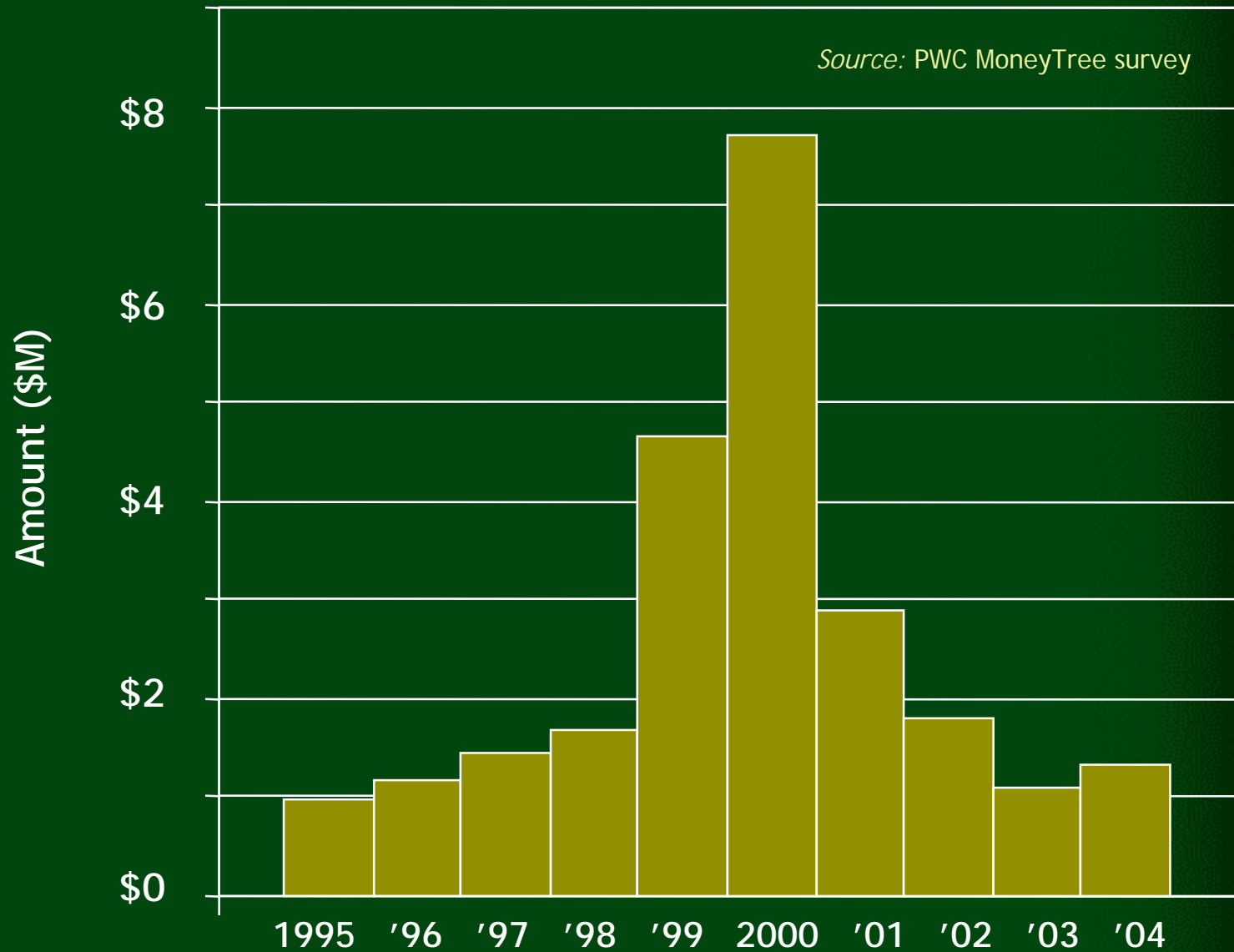
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# 2004 VC Investment by State

Source: PWC MoneyTree survey

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	State	# Deals	\$M Invested
1	California	1,117	\$9,346
2	Massachusetts	337	\$2,775
3	Texas	157	\$1,096
4	Washington	117	\$868
5	New York	142	\$721
6	New Jersey	77	\$720
7	Georgia	81	\$585
8	Pennsylvania	91	\$526
9	Maryland	87	\$512
10	Colorado	70	\$444

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# Georgia VC by Sector, 4Q'04

Introduction

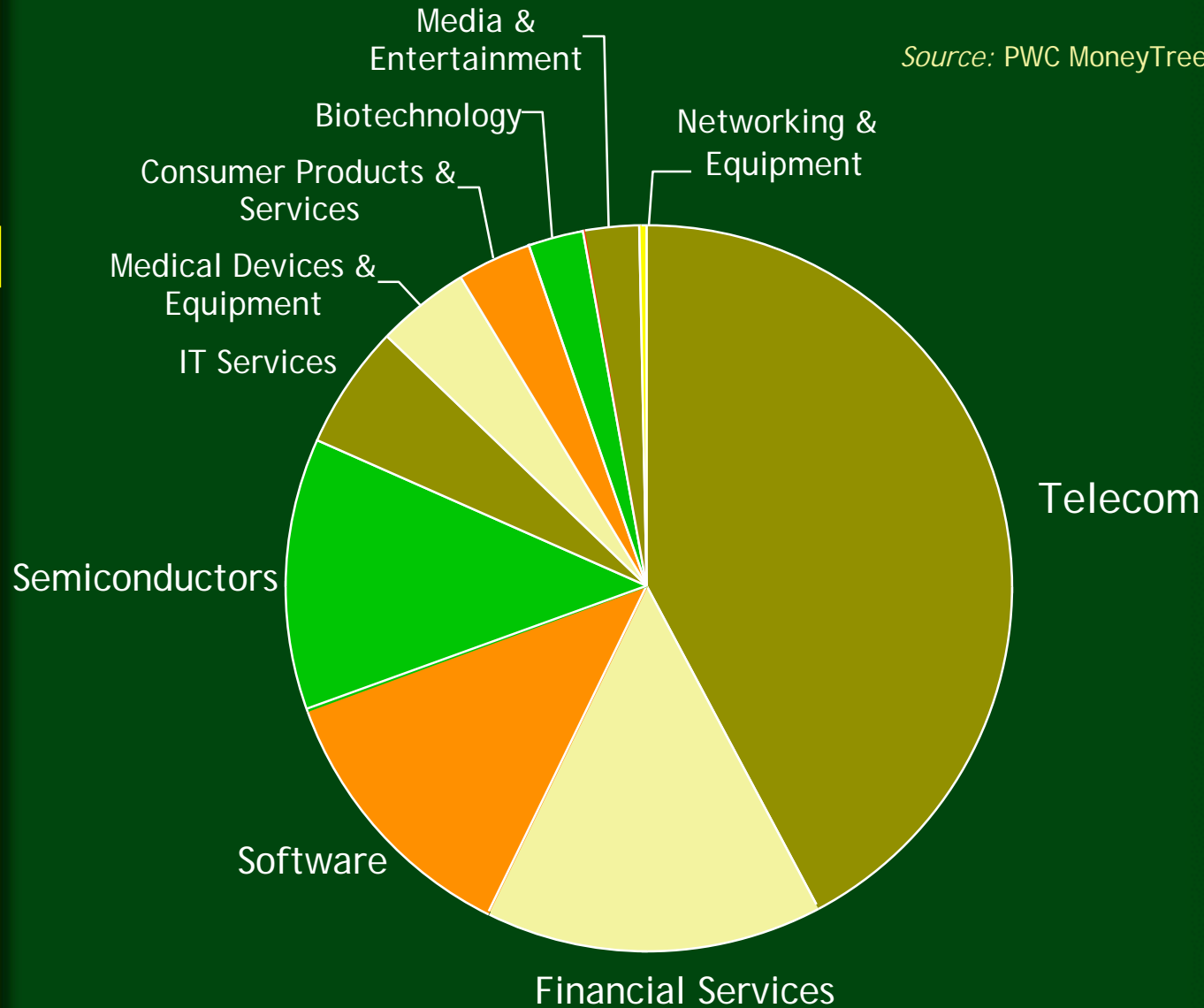
Technology

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Opportunity

Source: PWC MoneyTree survey



# Out-of-Region Investment, 4Q'04

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Georgia Company	Sector	Amount (\$M)	SE Lead?
Wirefree	Telecom	\$30.0	No
ITC Financial	Financial Services	\$23.4	Yes
SE Towers	Telecom	\$20.0	No
Cbeyond	Telecom	\$17.0	No
iVivity	Semiconductor	\$16.0	Yes
PrimeRevenue	IT Services	\$9.0	No
NeoVista	Medical Devices	\$5.3	No
AllConnect	Consumer Services	\$5.0	Yes
Invistics	Software	\$5.0	Yes
MDdatacor	Software	\$5.0	No
EGT	Media	\$4.0	Yes
Pharmasset	Biotech	\$4.0	No
Qcept	Semiconductor	\$3.2	No
AppForge	Software	\$3.0	No
Connecture	Software	\$3.0	No

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# What To Do Now?

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- Is the glass half-full or half-empty?
- The Southeast remains an economic powerhouse.
  - Universities.
  - Government institutions.
  - Fortune 500 HQs and operations.
  - Entrepreneurial startups.
- Still an attractive region — *but* lacking local risk capital.

# Regional Undercapitalization

Introduction

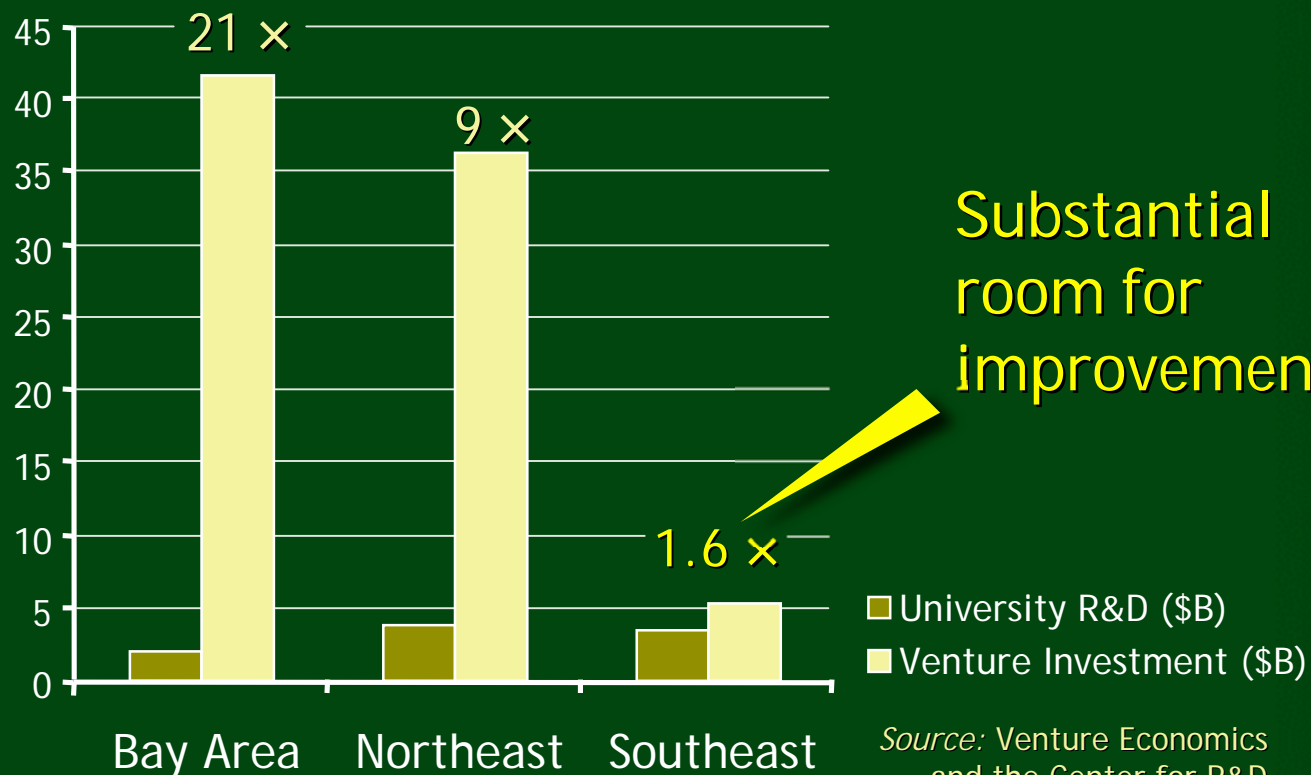
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- Venture firms do not offer adequate leverage for local R&D.



# Georgia Tech Research

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\$400 million/year in R&D, including:

- Nanotechnology
- Wireless semiconductors
- Antenna design
- Information security
- Biomaterials
- Robotics
- Alternative energy
- Human-computer interfaces
- Aerospace vehicles
- Industrial control systems



# Selected ATDC Companies

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- BlueSpan — energy management SW
- BroadSource — telecom mgmt. software
- Cambia — network security software
- CAMotion — materials handling robots
- ColorMaria — Web app development
- Emcien — product line mgmt. SW
- Encounter Technologies — telecomm
- Enroll Link — healthcare provider SW
- FTrans — financial transaction SW
- Gtronix — analog semiconductors

# Selected ATDC Companies (2)

Introduction

Technology

Fund Status

Statistics

Opportunity

- Invistics — manufacturing software
- JMD — wireless semiconductors
- Microception — automated surveillance
- Neurostar — medical image software
- Neurotic Media — digital distribution
- Online Banking Solutions — software
- Oversight — network security software
- Qcept — semiconductor manufacturing
- Quellan — high-speed semiconductors
- Radatec — manufacturing sensors

# Selected ATDC Companies (3)

Introduction

Technology

Fund Status

Statistics

Opportunity

- ScanTech — homeland security sensors
- Scentric — storage area networks
- SearchIgnite — Web marketing SW
- StormShelter — lightning protection
- Synthis — enterprise process software
- Thrive Technologies — inventory SW
- TimeTraxx — construction claims SW
- Vocalocity — voice recognition SW
- VT Silicon — wireless semiconductors
- Wikid — wireless security software

# Opportunity

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Opportunity

- New cycle of exciting investment opportunities, starting *now*.
  - Ample technology developments in the Southeast.
  - Experienced, battle-tested entrepreneurs.
  - Minimal competition for early-stage capital.
- ▶ Excellent timing for a new venture fund focusing on SE technology.