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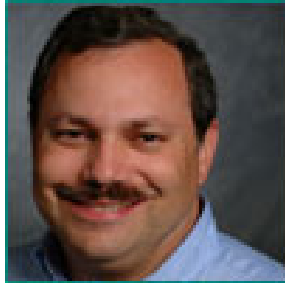


Partnerships and Venture- Backed Companies

Charley Lax
Managing General Partner

November 7, 2006

Meet Charley Lax



Charles R. Lax – Co-founder & Managing General Partner

Charley's investment career includes investments in 42 portfolio companies, which have resulted in 26 exits to date. His track record includes 15 IPOs, of which 10 achieved market values in excess of \$1 billion.



Charley was the first investment manager hired by SOFTBANK for venture capital. He is a founding General Partner of SOFTBANK Venture Capital (predecessor to Mobius Venture Capital), and also a founder of SOFTBANK Capital Partners. Lax has been a key man in all SOFTBANK funds in which he has been a GP.

FLATIRON PARTNERS

Charley co-created Flatiron Partners, which was sponsored by SOFTBANK and JPMorgan Partners, and served as a member of its investment management committee.



Before his affiliation with SOFTBANK, Charley was a Venture Partner with Boston-based VIMAC Ventures LLC.



Prior to his career in venture capital, Charley worked at Phoenix Technologies Ltd., the BIOS developer, in marketing, product management, and sales roles. He also managed Phoenix Technologies' relationship with SOFTBANK.

Education

Boston University, BS (magna cum laude), 1982



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Investment Sector Focus & Concentration

- **Software & Software Services**

- Security & Storage Applications

- Software & Software Services

 **GLASSHOUSE**

 **incipient**


OUTSTART


VIVOX


Colubris
NETWORKS™


CORADIANT

- **Internet Infrastructure**

- **Wireless Technologies & Services**


ember
corporation


uLocate
the power of where™

- **Media & Media Technologies**


enpocket
Carrier Grade Media™

- **Financial Technologies & Services**

Building A Company Is A Race Against Time

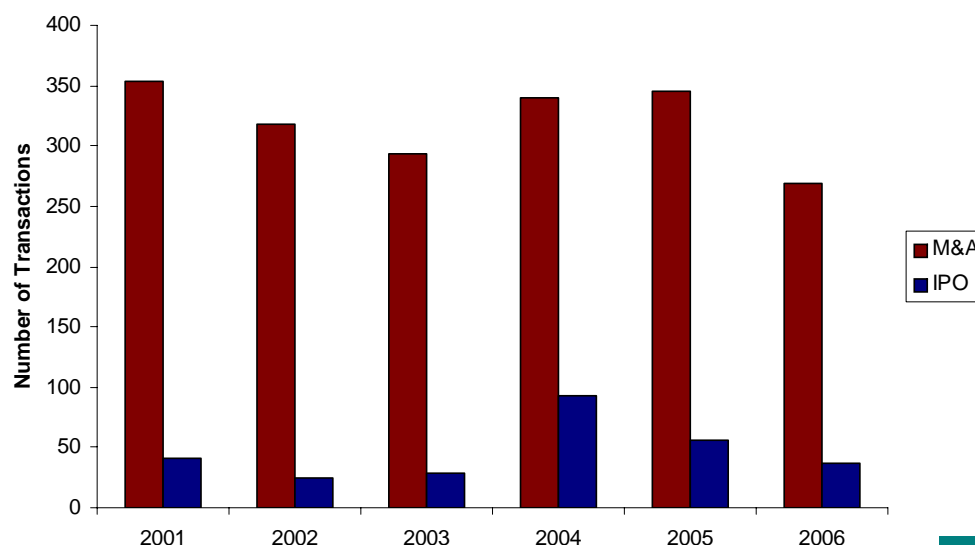
- Start-ups face intense competition from other start-ups and established companies
- Average time for VC exit is approaching six years¹
- Partnerships provide business relationships that differentiate start-ups in competitive markets and help drive successful exits with partners and also with non-partners

¹ Source: Wall Street Journal.



M&A Is Now The Predominant Exit For VCs

- Thanks to Sarbanes-Oxley, the IPO market is closed to venture investors
 - 2006 YTD, 269 M&A transactions with venture-backed companies totaling \$11.9 billion in known deal volume¹
 - 2006 YTD, only 37 IPO transactions with venture-backed companies totaling \$3.5 billion in deal volume¹



¹ Through Q3 2006. Source: Thomson Financial & National Venture Capital Association.



Companies Are Sold, Not Bought

- One of a start-up's biggest challenges is standing out among thousands of other venture-backed companies
- Partnerships put venture-backed companies on acquirers' radars
- Buyers are more comfortable acquiring companies with which they have existing relationships – diligence, deal closure and integration are much more predictable¹

¹ Opinion of M&A leader at leading publicly-traded technology company.



Good Partnerships Drive Business

- Partnerships with market leaders can provide start-ups with the credibility to get a “foot in the door” to Fortune 2000 customers
- Partnerships enable start-ups to leverage resources of a larger corporation
 - Infrastructure, distribution and sales channels, product testing, business network



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Partners Provide Numerous Additional Benefits

- Venture-backed companies can benefit from partnerships in various other ways
 - Opening or enhancing distribution channels
 - Leveraging a partner's resources to create next generation product
 - Create credibility among follow-on venture investors
 - Partnerships may or may not include capital participation or warrants



Case Study 1: Ember / ST Microelectronics



- STMicroelectronics and Ember signed an agreement to jointly develop solutions for the fast-growing ZigBee wireless networking market
 - Provided for co-development and co-marketing of products
 - Included STM equity investment in Ember
 - STM became second source for Ember's products
- The partnership enables STM to leverage Ember's ZigBee expertise while Ember will benefit from STM's market power
- The partnership is a validation of the ZigBee standard and enhances Ember's go-to-market strategy



Case Study 2: Enpocket / Sprint

- Sprint, the first top-tier carrier to announce a strong push into mobile marketing, partnered with Enpocket, which will provide an end-to-end solution for integrating mobile ads
- The partnership enables Sprint to get in front of the mobile marketing market, which is expected to double to \$1.5 billion in 2007¹

¹ The Shosteck Group.



Case Study 3: Colubris / Alcatel

- Colubris Alcatel OEM arrangement
- Alcatel selected Colubris for fixed-mobile convergence applications
- Alcatel bid on BT's \$1 billion fixed-mobile convergence project (Colubris)



Thank You! Questions?

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