IEEE Boston Entrepreneurs’ Network

Raising Money from VCs

April 2012
Who we are

- Investment team of six, dedicated to investing in IT innovation for the enterprise
- Supporting early-stage entrepreneurs

At the forefront of enterprise tech investing

- We have backed more than 100 early-stage, emerging technology companies since 1985, generating more than $10 billion in enterprise value
- We leverage our extensive network to make connections for portfolio companies to investors, customers, partners and advisors that can support their long-term success.
Flywheel Effect of Established and Focused Network

Level of momentum in Ascent’s Enterprise IT network is hard to replicate

Sourcing:
genenerate attractive,
first-look deal flow

Diligence:
bring sector expertise and
operational perspective

Development:
yield customer, partner
and exit opportunities

Advisory:
market intelligence,
consultation & coaching

Ascent
25 year history
90+ years experience
100+ companies
& 76 exits

Technical Advisory Board
10 CIOs, CTOs &
Senior IT Executives,
Developers & buyers of
technology solutions

Portfolio
Management &
Alumni
99 companies
300+ managers

Strategic Relationships
Leading IT players such
as IBM, EMC, Cisco,
Software AG,
Microsoft, etc.

Venture Partner Program
Nine Former CEO’s,
Builders of leading
IT companies
(5% Carry)

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Industry Sources
DeVenCi, FSVCA,
Enterprise Strategy
Group

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Current Investment Focus Areas
Ascent Investment Model – IT Security Case Study

Network Appliances

AVP II
- Security Appliances
- Server solutions for security applications.
- Led Series A in 1997
- IPO in 2000
- 10X return

Security Event Management

AVP III
- Security Event Mgmt
- Capture and analyze all events originating from security infrastructure.
- Led Series A in 2002
- Sold to EMC in 2006
- 5X return

Database Security

AVP IV
- Guardium
- Database Security
- Monitor and manage activity with enterprise databases.
- Led Series B in 2005
- Sold to IBM in 2009
- 7X return

Data Loss Prevention & APTs

AVP IV
- Data Loss Prevention
- Prevent critical data from leaving enterprise and defend network against Advance Persistent Threats (“APTs”).
- Co-led Series A in ‘05

Current Focus Areas

AVP V
- Cloud Security
- Secure cloud-based enterprise documents and applications.
- Led Series B in March 2012

Ascent Investment Facts & Figures

- 25% of Ascent’s deals involve managers with whom Ascent has worked before
- 40% of Ascent deals are sourced through sector knowledge/proactive research
- Seek to identify market leaders of high-growth emerging IT markets
Ascent Venture Partners: Matt Fates

Experience:

- Ascent Venture Partners 2002– Present

Areas of Focus: Data Management, IT Security, Enterprise IT, Cloud Security

Current Investments:

- HubCast
- TCMPi
- Fidelis Security Systems
- StrikeIron
- Terascale

Education:

- Double Major in Computer Science and Economics from Yale University
- MBA from the Tuck School of Business at Dartmouth (Tuck Scholar)
What is Venture Capital?

“I call my invention ‘The Wheel,’ but so far I’ve been unable to attract any venture capital.”
Early Stage Venture Model – How it Works

Typical Trajectory of a Good Venture Backed Company

- **Seed Stage:** Formation of business and early customer tests
- **Early Stage:** Intensive effort to build out team, validate market and refine model
- **Expansion Stage:** Prove value and model, put in place foundation for scaling business

- **Stage:** After initial customer traction but prior to scale; enables 20% - 30% ownership stakes for $2M - $5M initial investment.
- **Capital efficient:** $12M - $20M of total capital.
- **Rapid growth:** revenue growth of 75% to 150% per year.
- **Contained time to exit:** reach substantive momentum and scale 5 to 6 years after investment.
Guardium of Waltham, MA develops database security and compliance solutions. The Company’s appliance-based SQL Guard product family provides visibility and control over database activity. Guardium’s solutions address concerns such as security assessment, auditing, access policy control, and regulatory compliance.
How Companies Break the Model

- Raise too much capital
- Too many ‘resets’ or major changes
- Slow growth
- Too long to an outcome
What Does this Mean for Entrepreneurs

- Make sure your business model fits venture
- Target those groups where there is a strong fit
- Network to get in (nothing new)
- Be prepared to work with a VC
What gets us Excited

Common relationships, experiences – a connection
What gets us Excited

Relevant experience and unique insight into market
What gets us Excited

Highly scalable business model
What gets us Excited

Prove you can do a lot with a little
What gets us Excited

Early traction we can extrapolate from
What gets us Excited

Understand working with a VC partner
Thank You

Questions?