

# FAIRHAVEN CAPITAL

Dedicated to a thesis-based approach to investing in technology companies developing innovative products and services

Cambridge, MA

May 2012

Proprietary and Confidential

# FAIRHAVEN CAPITAL – BRIEF HISTORY

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- Investing a \$250 million Fund II
- Team has been investing together for eleven years
  - Managing Directors founded and managed \$150M Fund I (TD Capital Ventures), launched April 2001 in Boston, Massachusetts
  - Extensive technology, operations and investment experience
  - Unique disciplined market-based thesis investment strategy
- Investment success:
  - EqualLogic, first provider of innovative iSCSI storage appliances – acquired by Dell in largest all cash transaction of a private venture-backed company
  - Softricity, early player in application virtualization – acquired by Microsoft
  - Third Screen Media, first generation of mobile advertising platforms – acquired by AOL
  - SiGe Semiconductor, leader in wireless chipsets – acquired by Skyworks Solutions
  - Cloakware, pioneering application security platform – acquired by Irdeto-Naspers
  - Many other great companies and exits – iPhrase, Trust Digital, Icera . . .

# THE FAIRHAVEN FAMILY



# TEAM

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## **Paul Ciriello**

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- Founded Fairhaven Capital and TD Capital Ventures
- Senior Executive, Fidelity Investments
- Founded three software companies
- B.A. SUNY Buffalo; MA Northeastern University; U.S. Presidential Management Intern

## **Rick Grinnell**

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- Co-founded Fairhaven Capital and TD Capital Ventures
- Senior Marketing roles, Adero, ClearOne, PictureTel
- Senior Software Engineer, PictureTel
- S.B., S.M., MIT; MBA, Harvard Business School

## **Jim Goldinger**

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- Co-founded Fairhaven Capital and TD Capital Ventures
- Chief Technical Architect, Adero
- IC Designer, Motorola
- S.B., S.M., MIT; MBA, MIT Sloan School of Management

## **Dan Keshian**

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- Co-founded Fairhaven Capital
- Venture Partner, Greylock
- CEO, iPhrase, WebLine; President, Avid Technology
- Executive roles, Cisco, Gateway Design Automation, Racal-Redac, Pixel Computer
- B.S. and M.S. Bentley College

# TEAM

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## **Cheryl Goyette**

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- Joined TD Capital Ventures in 2006 and Fairhaven Capital at its inception in 2007
- Partner and CFO, Flagship Ventures, Capital Resource Partners
- PwC, Ernst & Young
- B.S. and M.S. Bentley College
- Licensed CPA

## **Mark Hatfield**

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- Joined TD Capital Ventures in 2006 and Fairhaven Capital at its inception in 2007
- Managing Director, Motorola Ventures
- Business development and IT roles, Bell Canada Enterprises and Bank of Montreal
- B.S. McMaster University; MBA York University

## **Rudina Seseri**

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- Joined Fairhaven Capital at its inception in 2007
- Senior Manager, Corp Dev, Microsoft
- Investment banker, Technology Group, Credit Suisse
- B.A. Wellesley College; MBA Harvard Business School

## **Wan Li Zhu**

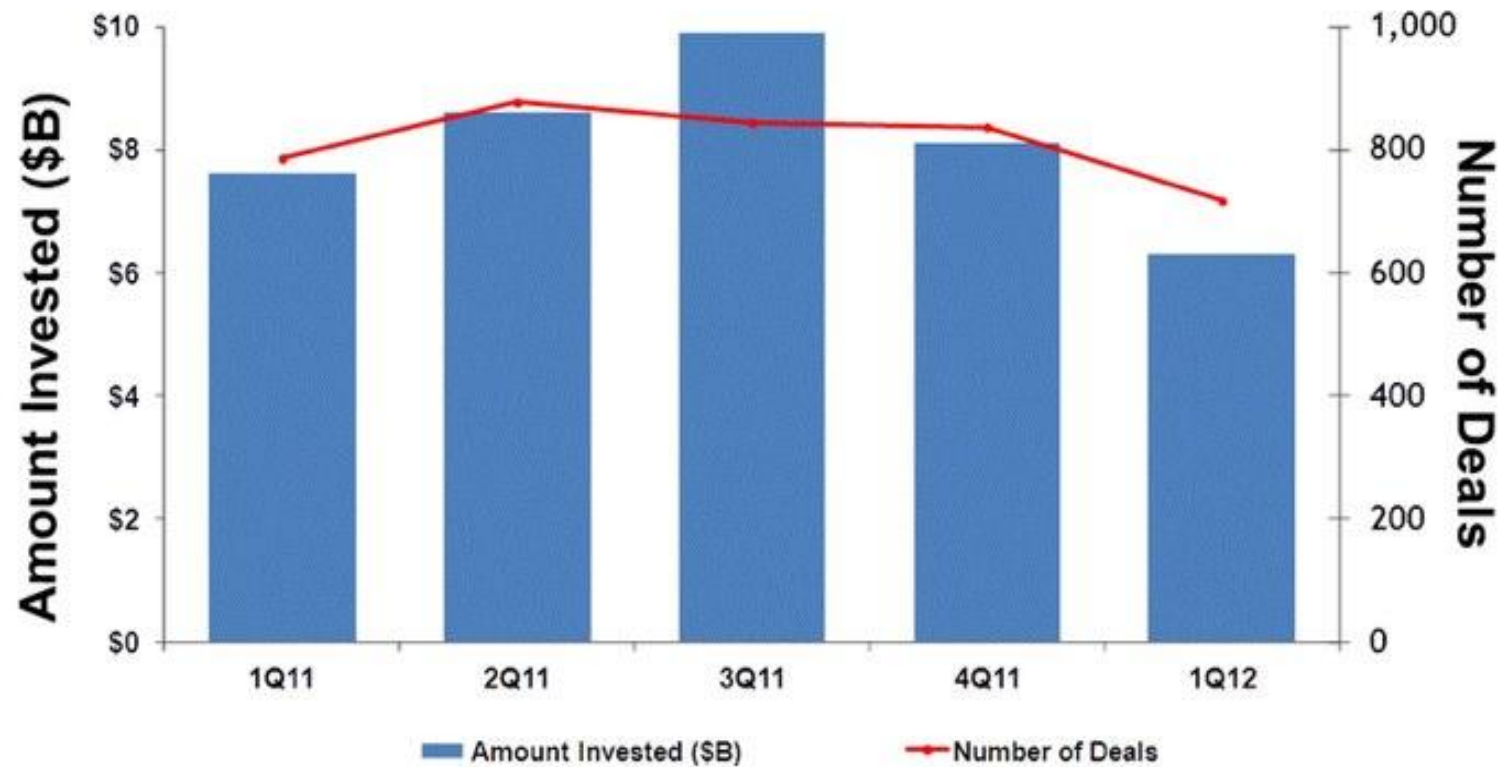
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- Joined Fairhaven Capital in 2009
- Microsoft, Google, Morgan Stanley
- B.S. MIT; MBA Harvard Business School

# SLOWDOWN in VC INVESTMENTS

## U.S. Venture Investment Slows

Deal Flow & Equity Into U.S. Venture-Backed Companies



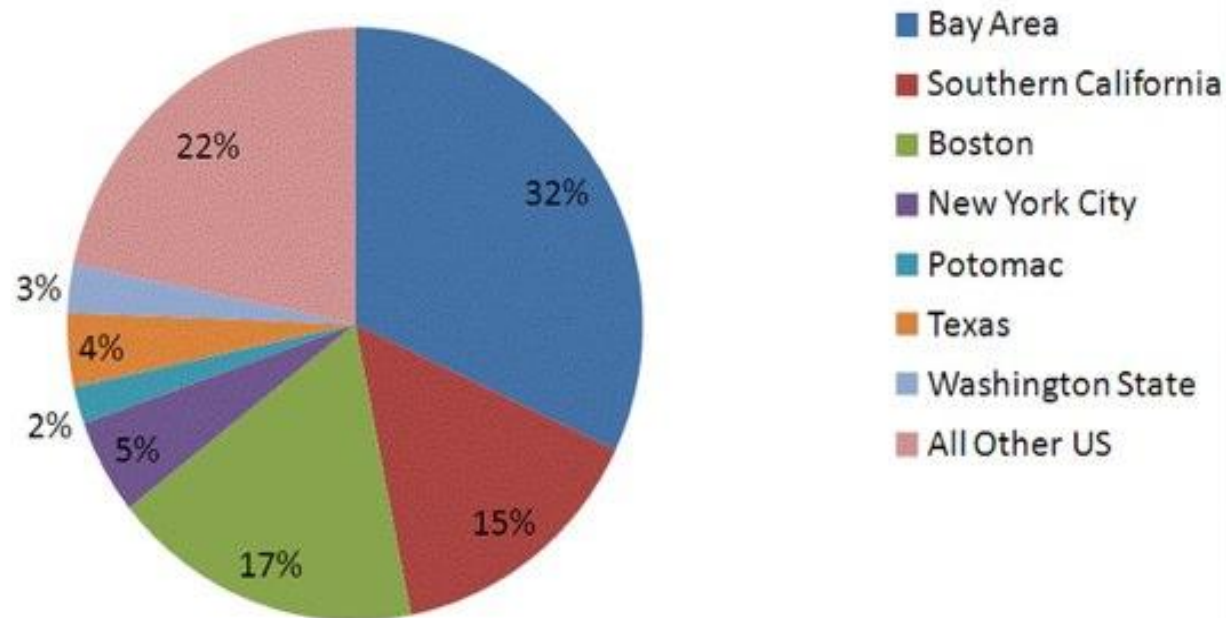
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# TOP REGIONS in \$ INVESTED in Q1 2012: BAY AREA, BOSTON, SOUTHERN CALFORINA

## Silicon Valley Captures 32% of VC

Venture Capital Investment by Region, Q1 2012

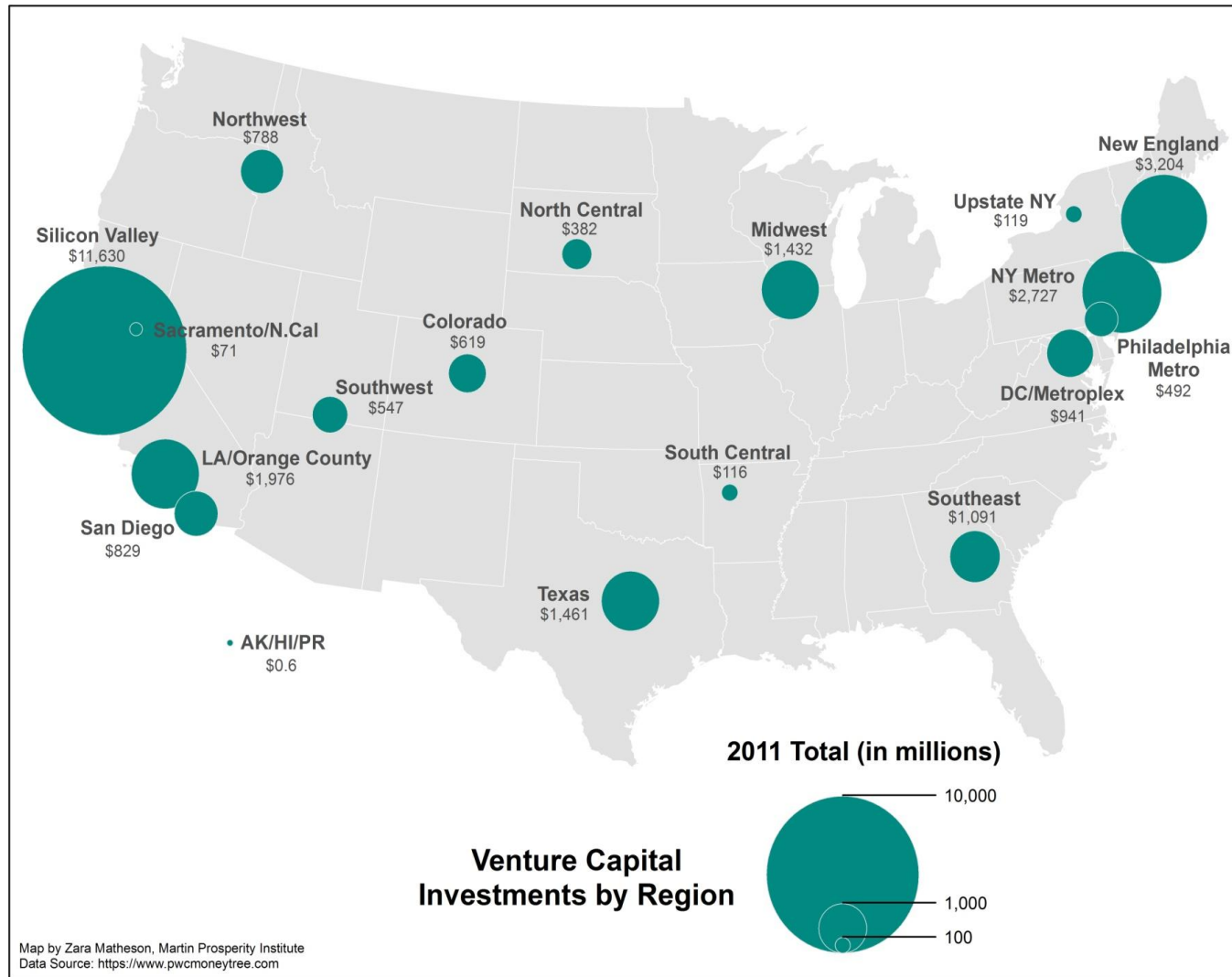


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**DOW JONES**

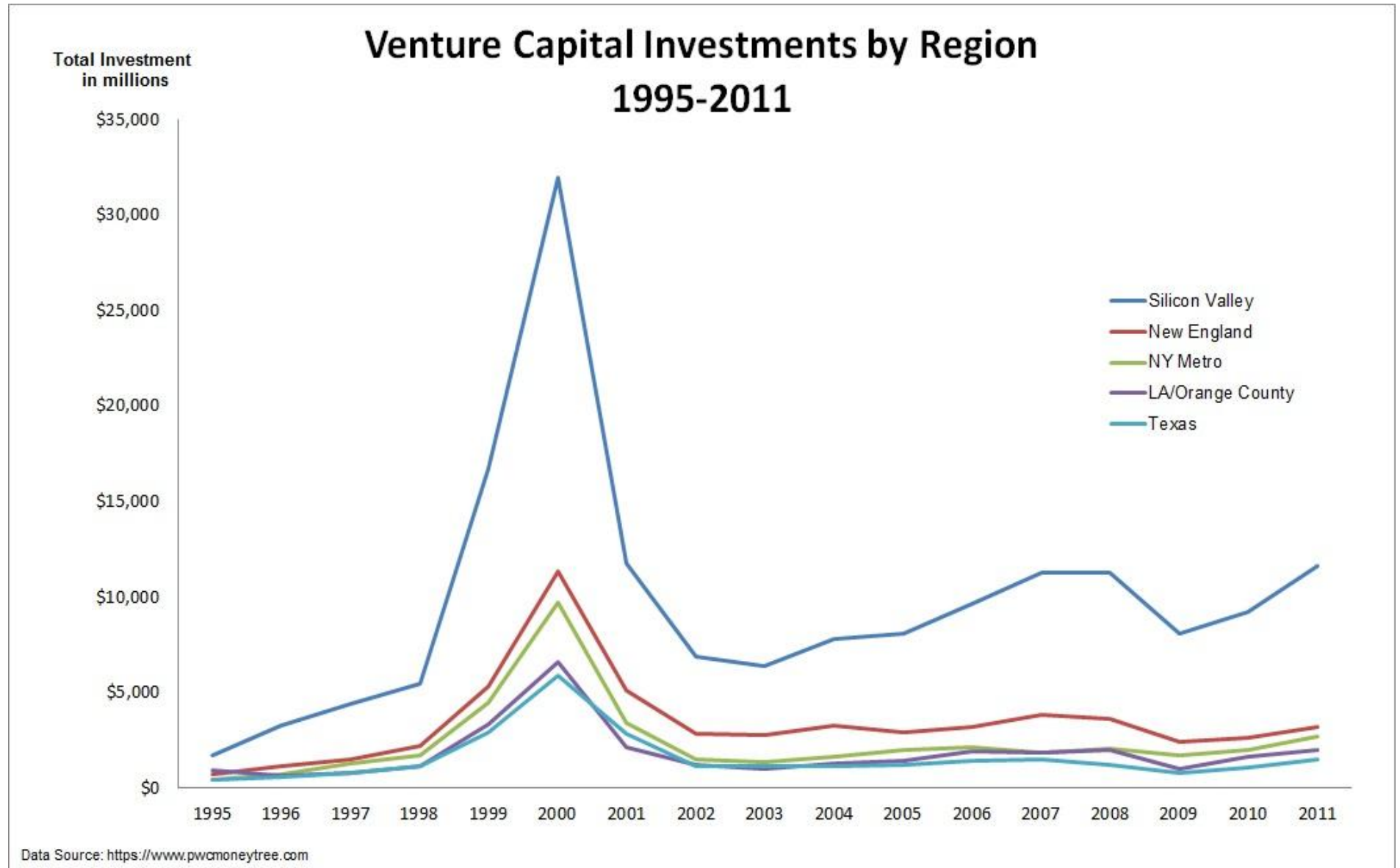
# 2011 VC INVESTMENTS (\$) BY REGION

Silicon Valley (\$11.6Bn), New England (\$3.2bn), NY Metro (\$2.7bn), LA/Orange County (\$2bn)





# VC INVESTMENTS BY REGION - HISTORICAL

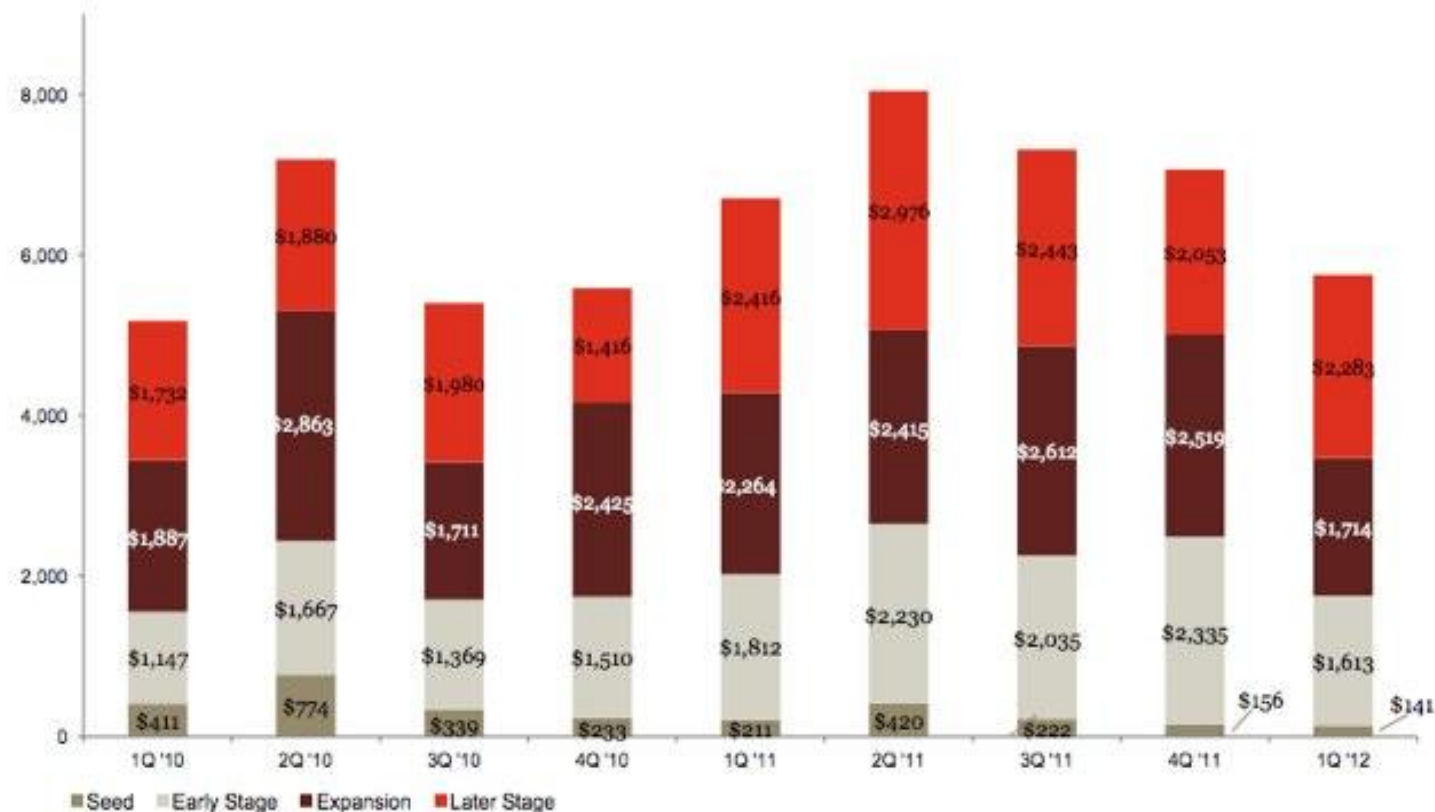


# BY STAGE - \$ AMOUNT INVESTED

In Q1 2012, seed and early stage \$ invested saw declines (down 9%, 31% respectively)  
while later stage saw increase (up 11%)

## ***US Investments by stage– Quarterly Q1 2010-Q1 2012***

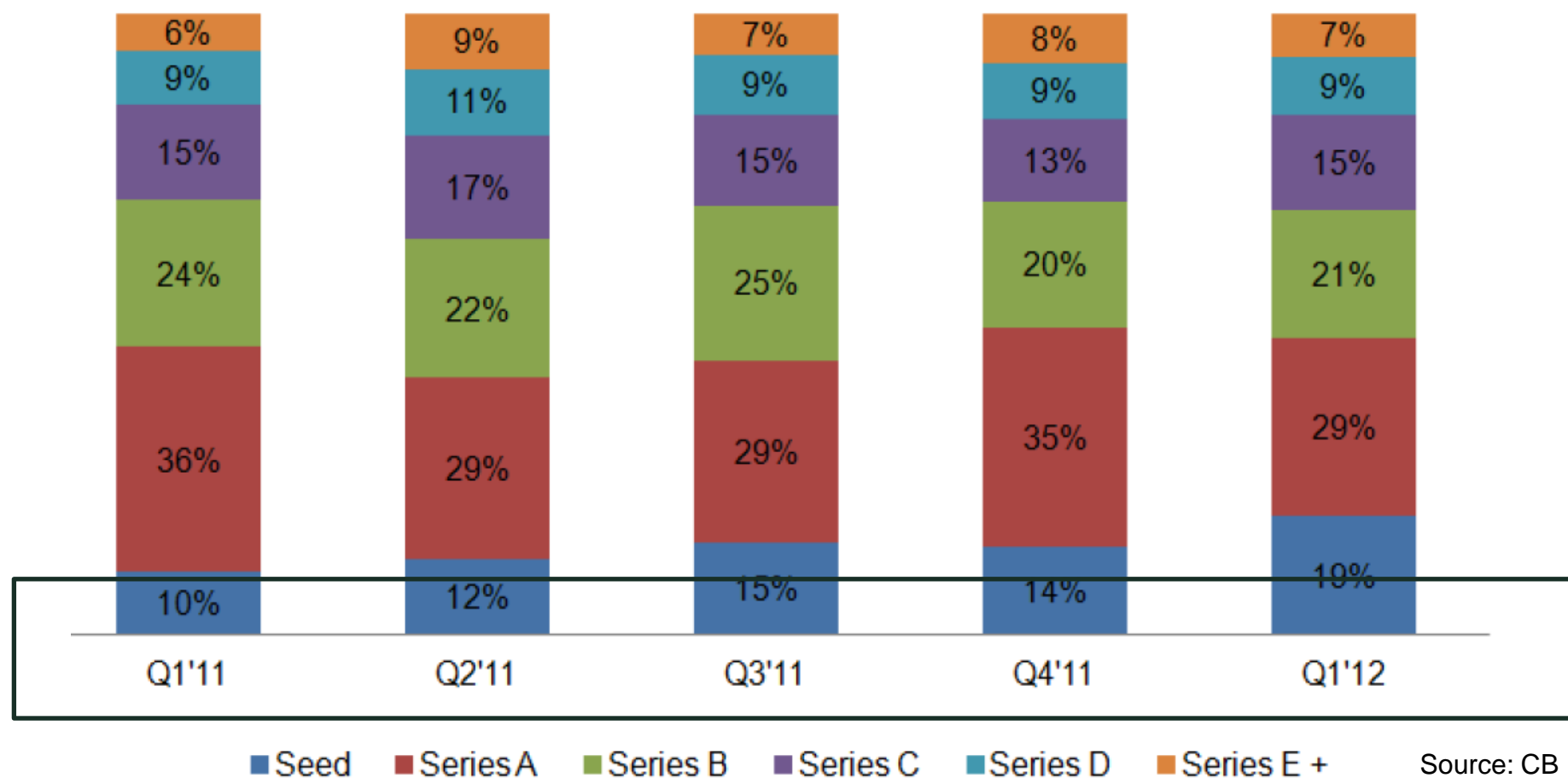
Amount Invested by Stage (\$M)



Source: PWC MoneyTree Report (PricewaterhouseCoopers LLP, National Venture Capital Association) - Q1 2012

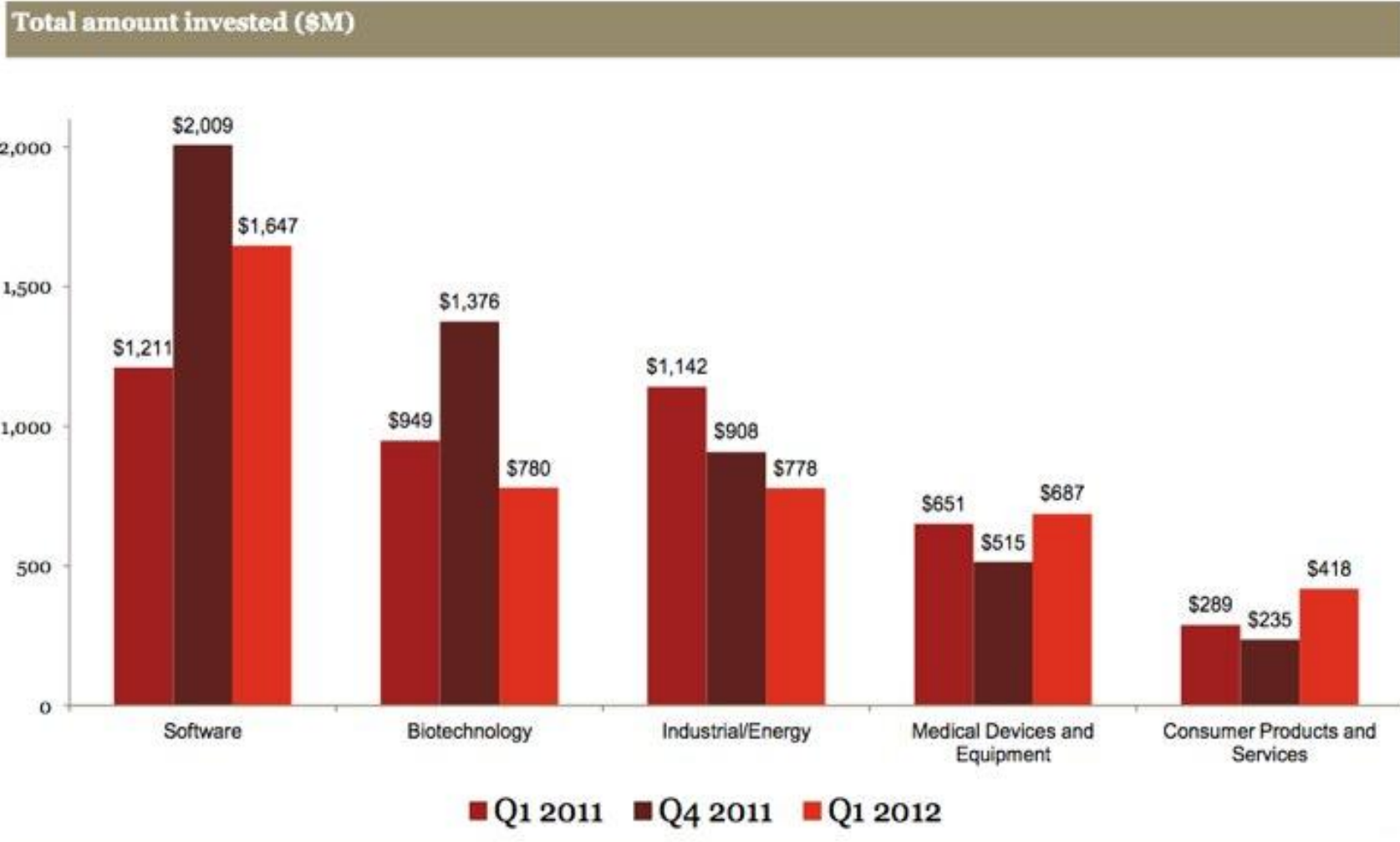
# SEED STAGE DEAL VOLUME CONTINUES TO INCREASE ...BUT SMALLER \$ AMOUNTS INVESTED OVER LARGER # OF DEALS

Share of Venture Capital by Series - Number of Deals  
Five Quarter Trend



# SECTORS

Software industry received highest level of funding with \$1.6 billion invested in Q1 2012 (but 18% decrease in dollars, compared to \$2 billion invested in Q4 2011)



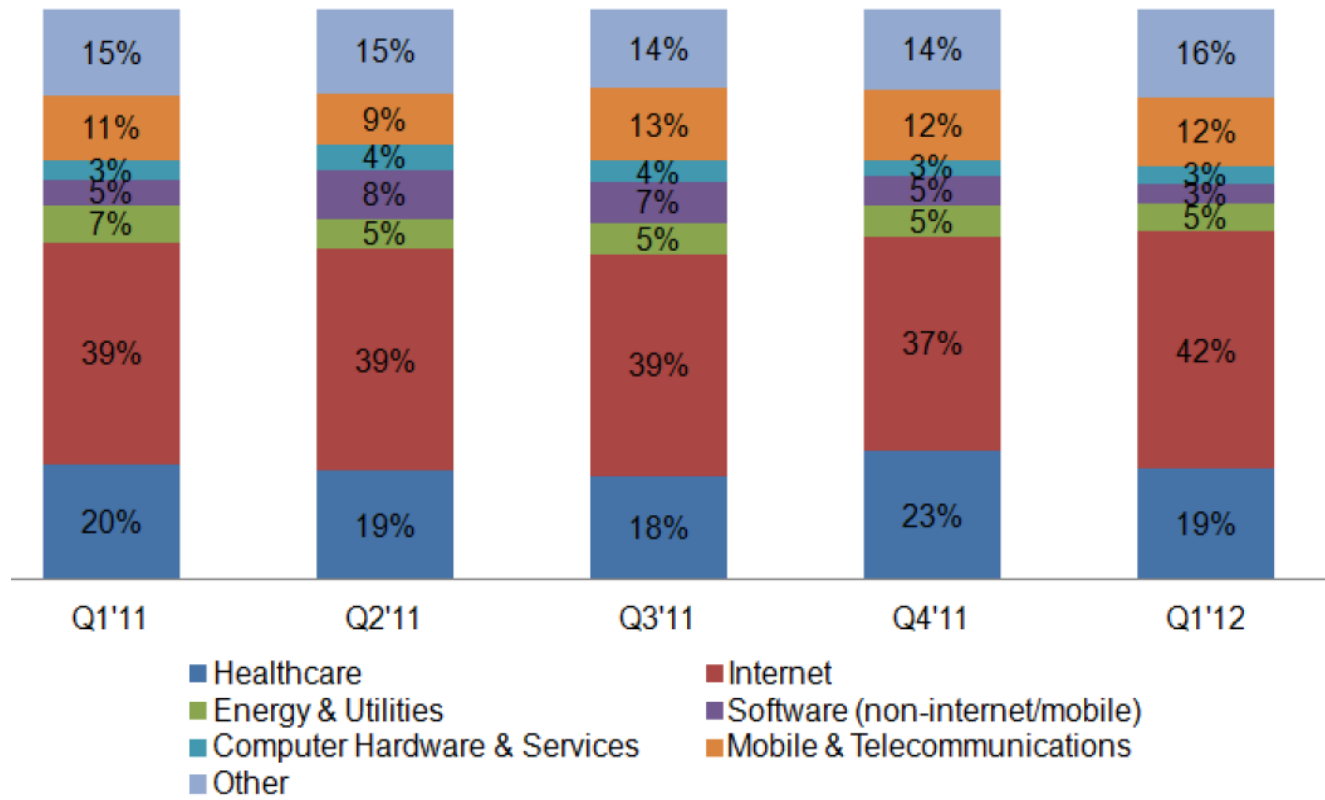
Source: PWC MoneyTree Report (PricewaterhouseCoopers LLP, National Venture Capital Association) - Q1 2012

# SECTORS - # OF DEALS

After an uptick in Q4'11, healthcare falls back on deals and maintains its historical funding levels. Internet investments gain increased share of total VC deals.

## Share of Venture Capital by Sector - Number of Deals

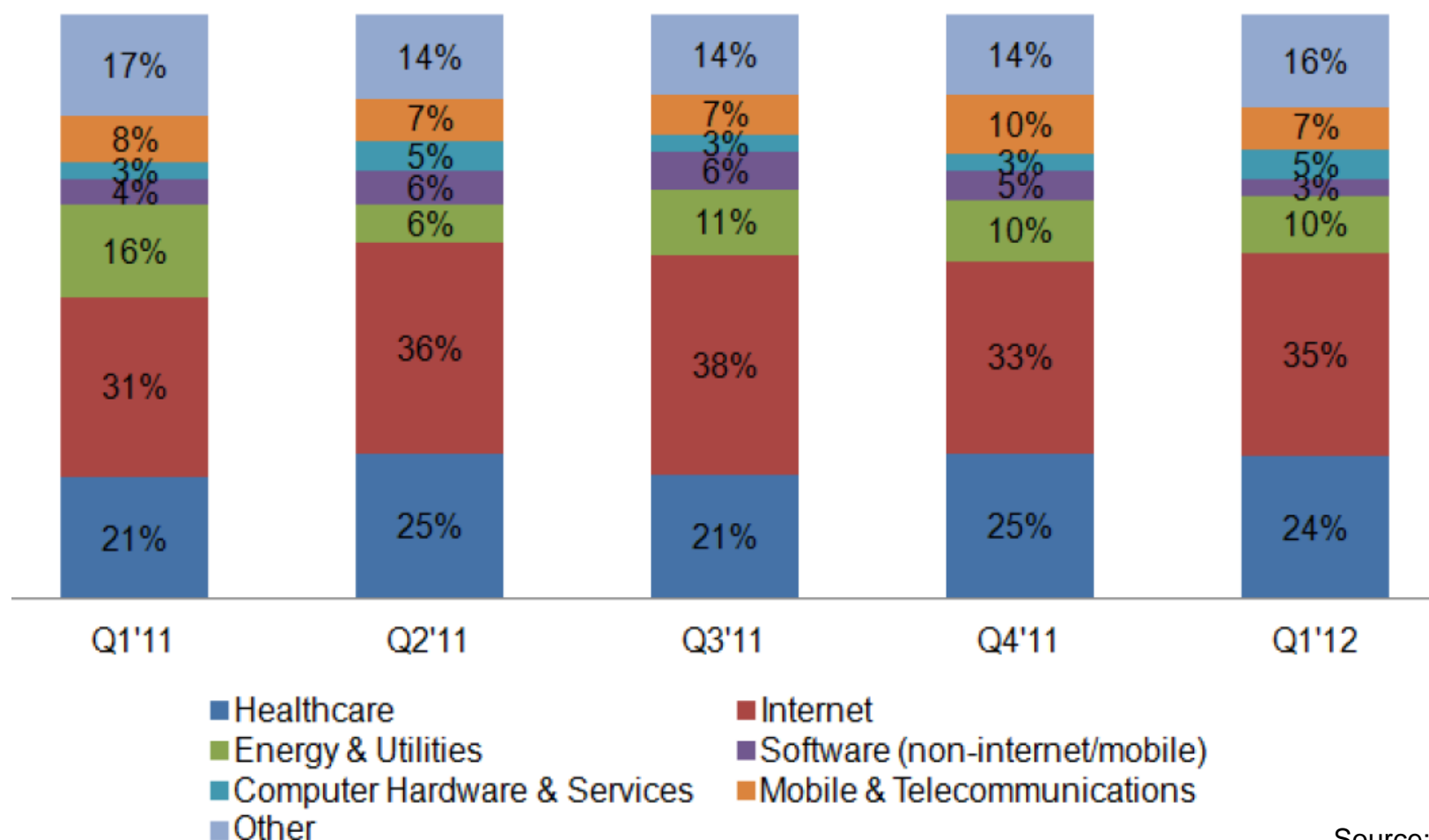
Five Quarter Trend



Source: CB Insights

# SECTORS - \$ INVESTED

Share of Venture Capital by Sector - Dollars of Funding  
Five Quarter Trend

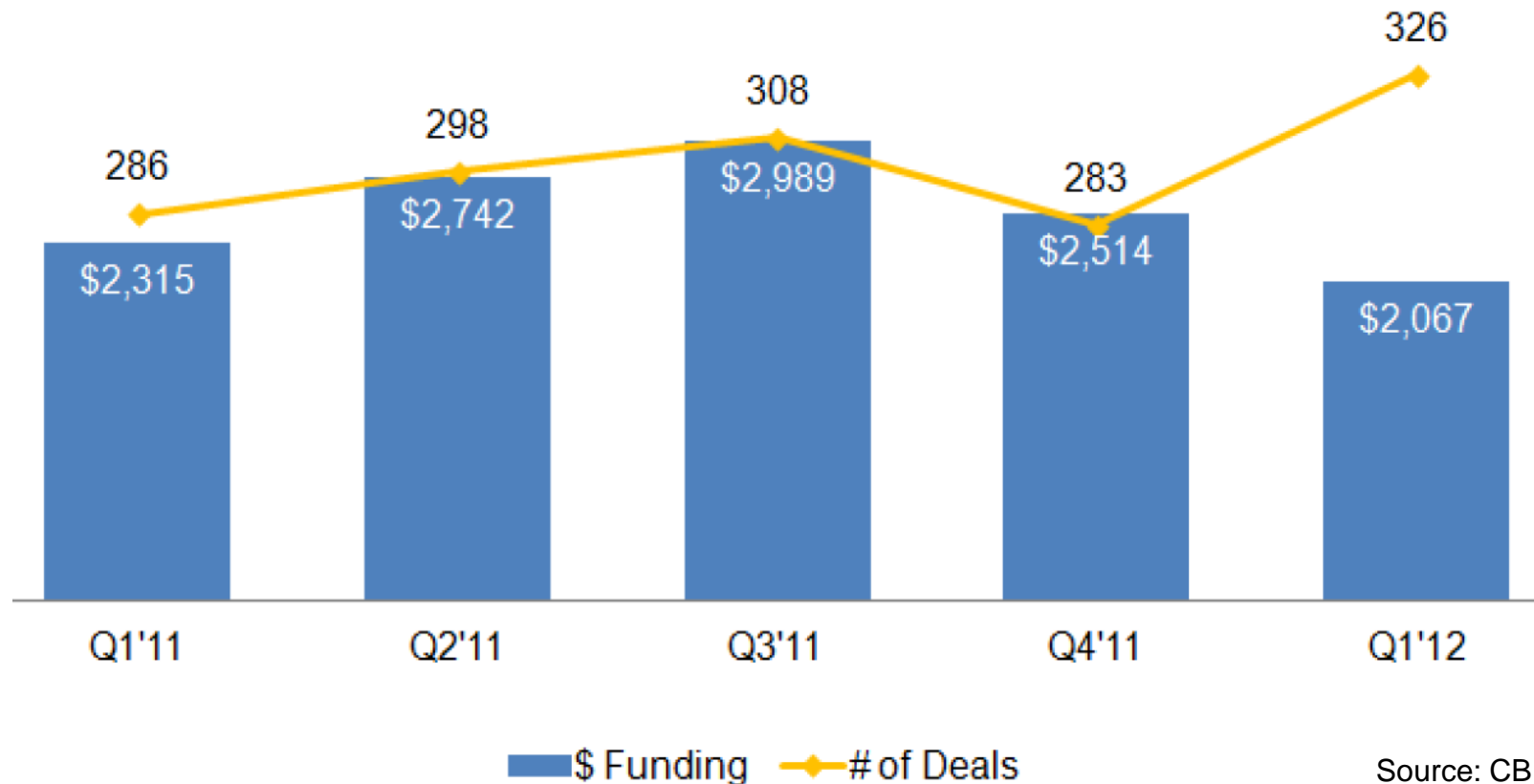


Source: CB Insights

# INTERNET - \$ INVESTED DECLINES, BUT DEAL VOLUME UP

Without a massive Facebook, Twitter, etc. mega-funding, Internet dollars slip significantly, but on the back of strong Seed and Series A activity, deals volume is up 15% over Q4 2011

Internet VC Investment and Deal Volume Trend  
Last Five Quarters

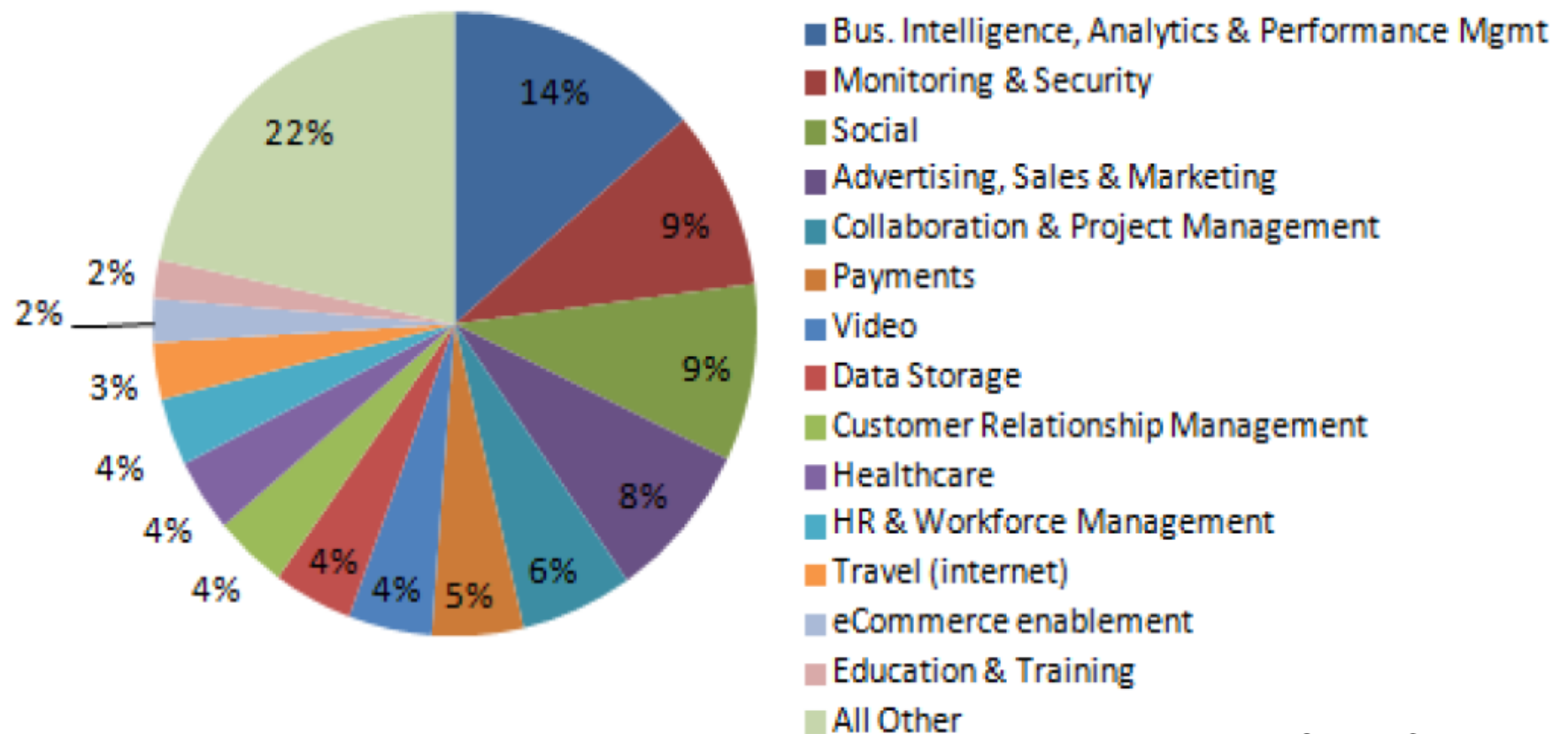


Source: CB Insights

# INTERNET - TOP SECTORS

- 14% - Business intelligence / analytics / perf mgmt
- 9% - Monitoring & security
- 9% - Social media
- 8% - Advertising, sales & marketing

**VC Investment (\$) in Internet by Sub-Industry, Q1 2012**

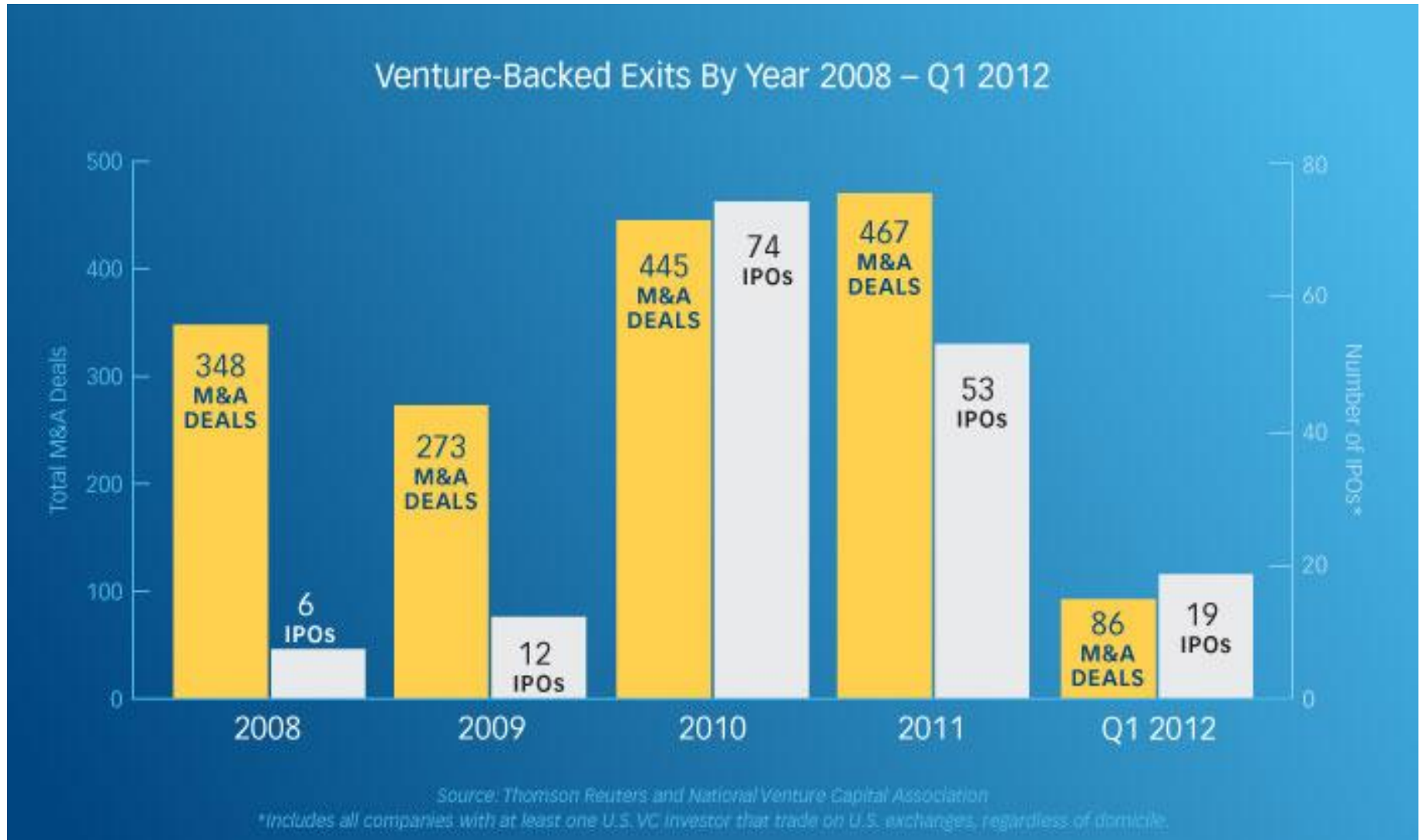


Source: CB Insights



# VC BACKED EXITS

Relative to 2011 and 2010, IPO pace is up and M&A pace is down in 2012 (Q1)



# GETTING US INTERESTED

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- Find a warm intro
- Do your homework on the fund and the partner(s) you're talking to
  - Do we focus on your space?
  - Does the partner understand or add value in your market?
- Have a core team in place
- Work on your company full-time
- Know your market and competition
- Assess your gaps (people, tech, network, etc.)
- Have reasonable milestones figured-out
- Don't feel compelled to create overly-detailed financial projections (pre-revenue Seed and Series A companies)
  - The numbers are going to be wrong no matter how hard you try!
  - A rough plan tied to key milestones over the next 12-24 months is adequate
- Understand how you get to “success”
- Don't exaggerate other funds' progress with you and your company