

Fund News - Fund Profile

1 October, 2006

True Ventures keeps it real, beats target

Emerging manager True Ventures has closed its inaugural fund with \$155 million, beating its \$125 million target.

Limited partners in the fund include Capricorn Management, Park Street Capital, Paul Capital Partners and Sequoia Holdings.

True Ventures is among a burgeoning class of first-time fund managers focused on early stage deals. Other West Coast examples include Omidyar Network, Sheralo Ventures, Khosla Ventures, Ridgelifit Ventures and Tugboat Ventures. New East Coast funds focused on startups include Greycroft Partners, Union Square Ventures and Spark Capital.

True Ventures, however, did not select its name as a reflection of its early stage strategy. Co-founder and General Partner Jon Callaghan—who once worked in a bike shop—says that the name refers to the practice of perfectly aligning a tire. "It's very difficult to do, but it results in an incredibly smooth ride," he says.

Callaghan has come a long way since the bike shop, having worked at Globespan Capital Partners, @Ventures and Summit Partners. It was at Summit that he met Phil Black, co-founder and general partner of True Ventures. After Summit, Black moved to ABS Ventures, where he met John Burke, True Venture's third and final co-founding general partner.

In addition to the trio, the firm includes VP of Finance Braughm Ricke (5AM Ventures, Artiman Ventures) and Venture Partner Toni Schneider (Yahoo, Oddpost). Burke will remain in Washington D.C., while the rest of the team will work out of the firm's headquarters in Palo Alto, Calif.

Varied interests

The partners of True Ventures have a variety of interests. Black, for example, invested in TGV Software, a company that made network programs and which was later acquired by Cisco; Tology Networks, an early VoIP player that was snagged by Texas Instruments; and ObjectVideo, an IT company focused on video surveillance.

Schneider, a venture partner, comes to the firm by way of Yahoo, where he worked on the mail client through the acquisition of Oddpost. He's invested in Aurora BioFuels, a startup with technology to extract bio-diesel at 125-times higher yields at half the cost of current production methods, according to his weblog.

Callaghan specialized in Internet-related IT companies while with @Ventures, investing in companies such as Critical Path, Promedix and Vicinity.

Callaghan says he expects the firm to make between five and eight deals a year. But the firm has already hit that number less than two months after closing its fund. True Ventures made four pre-fund investments that have since been rolled into the fund. They are Meebo (instant messaging), Automattic (blogging software), ScanR (capture digital info via camera phone) and Sphere (blog search engine).

It has since invested in telecom blog GigaOm (which True calls its first official investment), the mobile entertainment site SendMe and startups AdRoll Inc. and Headcase Humanufacturing. Callaghan says that the firm typically wants to be a company's first backer with seed or Series A funding. Initial commitments will range between \$500,000 and \$3 million.

"We want to do what entrepreneurs want to do, which is to build companies," Callaghan says. "There are a lot of great ideas out there, but many of them don't need the \$10 million or \$15 million that certain firms need to put to work."

Profile: True Ventures

www.truevp.com

Founded: 2006

Headquarters: Palo Alto, Calif.

Fund: \$155M

Target: \$125M

LPs: Argonaut 20, Capricorn Management, Ohana Holdings, Park Street Capital Private Equity Fund VII, Capital Partners Top Tier Investments III, Sequoia Holdings.

Focus: Seed stage tech deals.

Management: General Partners John Burke, Jon Callaghan and

Phil Black; Venture Partner Toni Schneider; and VP of Finance Braughm Ricke.

Deals to date: AdRoll, Automattic, GigaOm, Headcase Humanufacturing, Meebo, ScanR, SendMe, Sphere.

Sources: VCJ reporting, CapitalIQ, SEC.

By Dan Primack

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