



GrandBanks
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TCN Evening Roundtable:
***Can Your East Coast Start-Up
Raise West Coast Capital?***

August 11, 2010

Panel Participants

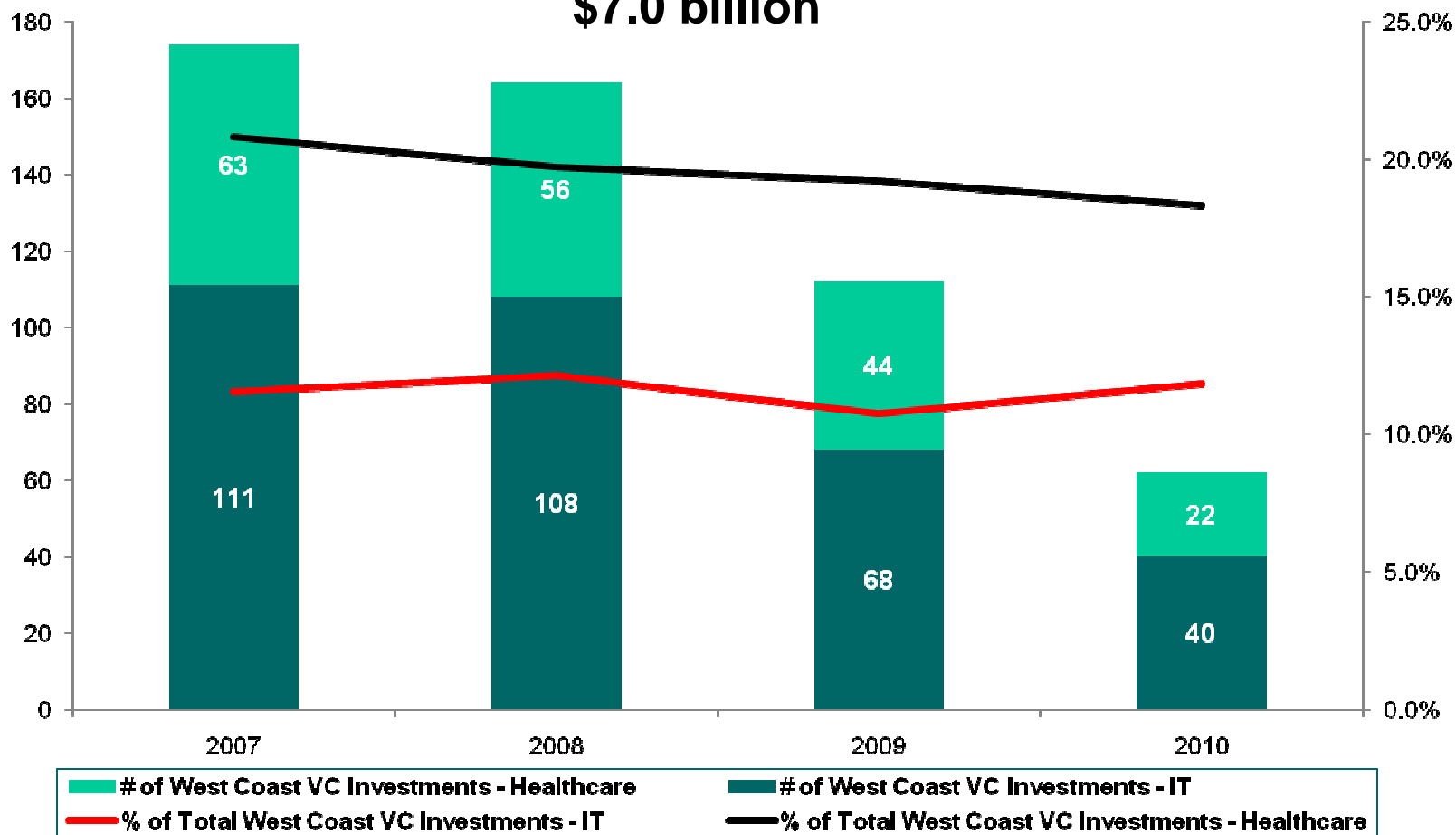


- **Ryan Moore**
General Partner, GrandBanks Capital
- **Rob Seaver**
Founder & CEO, Vivox
- **Michael Conza**
Partner, Bingham McCutchen
- **Ray Carey**
Partner, Azure Capital Partners
- **Alan Kalin**
Partner, Bingham McCutchen
- **Phyllis Gartner, MD**
Partner, Essex Woodlands Health Ventures



Do West Coast VC's Look East?

Since 2007, West Coast investors have participated in over 500 East Coast start-up or follow-on financings totaling over \$7.0 billion



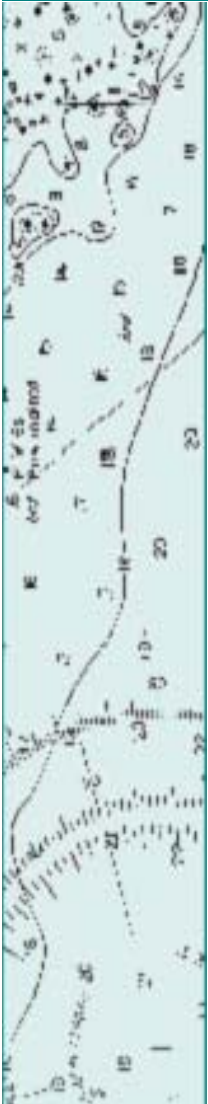
Source: Capital IQ

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Who's Investing?



Investor	East Coast Investment Rounds (Since 2007)
New Enterprise Associates	36
Intel Capital	23
Accel Management Co.	22
Canaan Partners	21
Menlo Ventures	18
InterWest Partners	16
Draper Fisher Jurvetson	13
Kleiner, Perkins, Caufield & Byers	12
Alta Partners	10



Source: Capital IQ

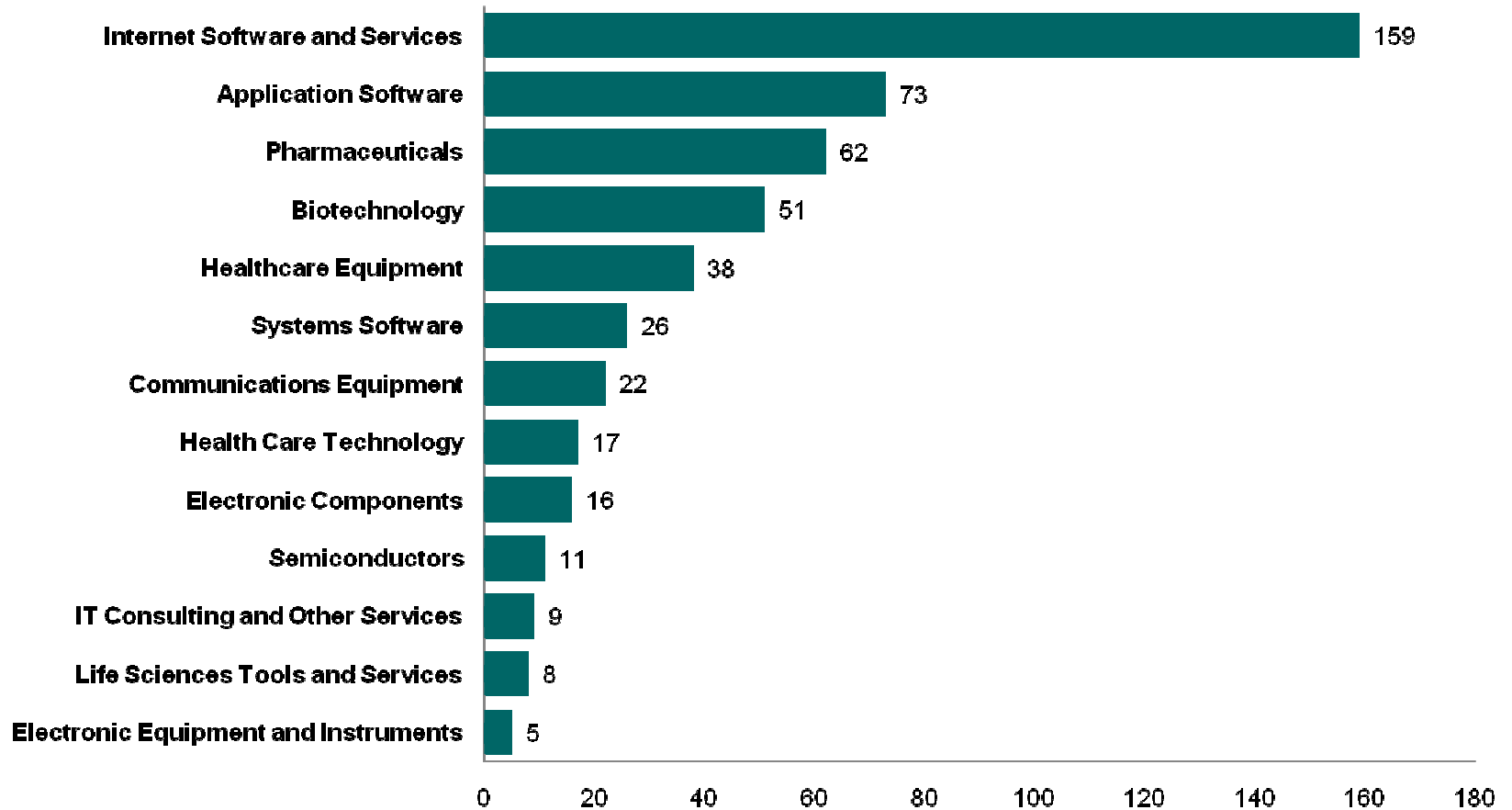
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What Type of Companies?

West Coast Investments In East Coast Companies by Primary Industry




Source: Capital IQ

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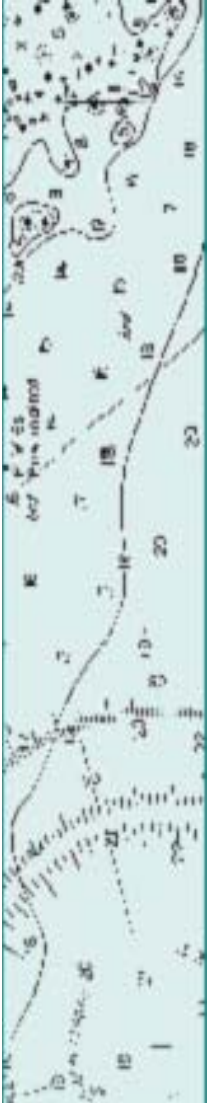
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Benefits of Taking West Coast Capital

- 
- Management Friendly Investment Terms
 - Tighter Investment Process
 - Greater Talent Pool
 - “West Coast Presence”
 - Access to Larger Pool of Capital for Additional Rounds



Consequences of Taking West Coast Capital



- Potential Company Relocation
- Remote Board Members
- Syndication Cohesiveness



Accessing West Coast Venture Capital

- 
- Mutual Trusted Relationship
 - Customer
 - Investor
 - Partner
 - Advisor
 - Facilitate Business Development with Portfolio
 - The “Jerry Maguire” Practice
 - Panelist Thoughts



Vivox Case Study

Vivox Company Overview

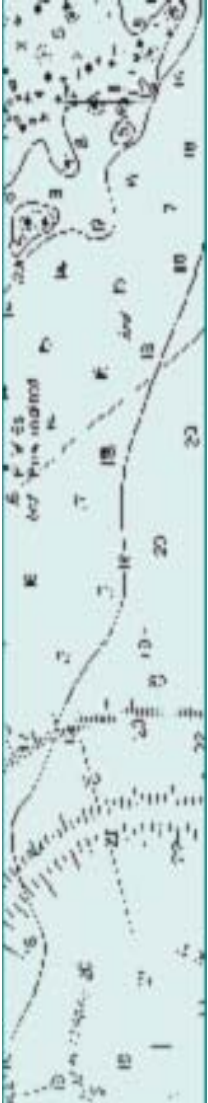
- Founded 2005 by Rob Seaver, Jim Toga, Monty Sharma and Jeff Pulver
- Vision to make voice a natural, seamless part of every online experience
- Vivox today – established as the leader in integrated voice communications for online games, virtual worlds, social networks and communities – customers include



- Rapidly growing business
 - ~ 30 million users
 - Almost 4 billion minutes of voice chat per month
 - Global footprint – users in 200 countries



Vivox Funding Timeline



- Founded 2005 by Rob Seaver, Jim Toga, Monty Sharma and Jeff Pulver
- Venture capital investors include Benchmark Capital (West Coast), Canaan Partners (West Coast – HQ), GrandBanks Capital, IDG Ventures (West Coast) and Peacock Equity (NBC Venture Arm)
- Raised \$22m to date across three venture fundings
 - Series A - August 2005 - \$6.0m – GrandBanks, Canaan Partners
 - Series B – November 2007 - \$7.8m – Benchmark (led), GrandBanks and Canaan
 - Series C – December 2009 - \$6.8m – IDG (led), Benchmark, GB and Canaan
 - Extension to C – June 2010 – Peacock Equity

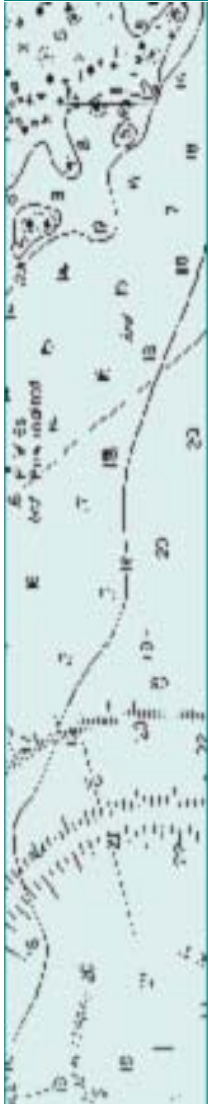


Vivox Series B

- Summer 2007 Rob Seaver sets out to raise Series B
- 40 firms contacted including Asia and Europe, about 50% of the list West Coast firms
- Company received two term sheets – Tier I East Coast firm (Waltham-based) and Benchmark
- Benchmark Experience
 - Connection Point - Customer
 - Process – Partner-driven
 - Terms – Mutual Alignment
 - Working relationship



Vivox Series C



- Summer 2009 Rob Seaver sets out to raise Series C
- 50 firms contacted including Asia and Europe, over 70% of meetings with West Coast firms
- Company received two term sheets – NYC-based strategic and IDG Ventures (increased
- IDG Ventures Experience
 - Connection Point
 - Process
 - Terms
 - Working relationship



Vivox West Coast Experience



- Hindsight – 20/20
- Pros
- Cons
- Lessons Learned
- Should we have taken the East Coast term sheet?



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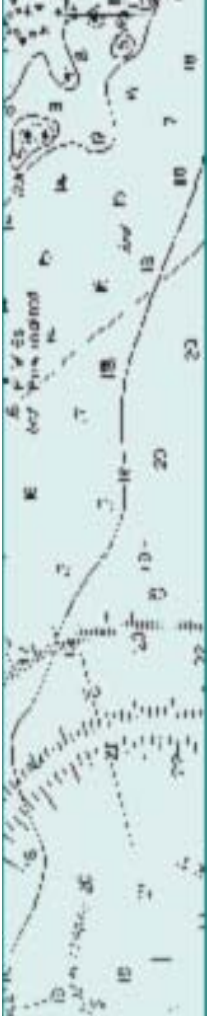


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