

Venture Capital IPO Report

2nd Half, 2011 – United States

Venture Capital-Backed U.S. Technology Company IPOs

Publisher: VentureDeal



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IPO Activity

Summary	<p>During the second half of calendar year 2011, 13 venture capital-backed U.S. technology companies went public, raising a total of \$2.19 billion in gross offering proceeds. This compares negatively to the \$3.79 billion raised during the first half of 2011, resulting in a 42% decrease in total amount raised.</p> <p>4 Digital Media and Internet venture-backed companies had IPOs garnering \$1.25 billion total consideration. 5 Software, Storage and Mobile companies secured \$477 million during the period. Only 2 life science companies went public, raising \$179.5 million in gross proceeds. 2 companies in the remaining industries of Semiconductors and Electronics raised \$285 million.</p> <p>With respect to pricing, 5 IPOs priced above their expected range. 5 priced within the expected original or revised range and the remaining 3 companies priced below the original range sought. This represents a material improvement in pricing power versus the first half of 2011. Also, As of 1/31/2012, 9 of 13 (69%) IPO share prices were higher than their initial flotation price, compared to 20 of 23 (87%) IPOs in the previous half-year period.</p>
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Digital Media • Internet • Software

Digital Media	<p>One Digital Media company went public during the second half of 2011: Zynga (NASDAQ: ZNGA).</p> <p>Zynga raised \$1 billion, the largest IPO of all industries during the second half of the year. The company priced the offering at \$10 per share, at the top of the original per share range. Zynga was funded by a large syndicate of top-tier venture capital and private equity firms. It develops casual games designed for online social networks.</p>
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Internet	<p>Three Internet companies went public during the second half of the year.</p> <p>Angie's List (NASDAQ: ANGI) was the largest Internet sector IPO of the period, raising gross proceeds of \$114.4 million for its online</p>
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referral service for home services. The IPO share price was at the top of its original range of \$10 - \$13. The company was backed by a syndicate of venture capital and late stage firms including [Battery Ventures](#) and [Cardinal Ventures](#).

Daily deals website [Groupon](#) (NASDAQ: GRPN) raised \$70 million in its IPO, which priced at \$20, above its original range of \$16 - \$18 per share. Groupon was backed by a large syndicate of top-tier venture capital firms, which also included [Battery Ventures](#). Since the IPO, Groupon has traded in a volatile range as low as \$16 per share, but as of the end of January, 2012, is trading near its IPO price of \$20.

Software, Storage & Mobile

There were five IPOs during the second half of the year for the Software, Storage and Mobile industries, with gross proceeds totaling \$477 million.

Palo Alto, California-based [Jive Software](#) (NASDAQ: JIVE) raised \$161.3 million in gross proceeds at a price of \$12 per share, above the original range of \$8 - \$10. Jive has done well to ride the wave of enterprise collaboration software and was backed by top tier VCs [Sequoia Capital](#) and [Kleiner Perkins Caufield & Byers](#).

Biotechnology • Pharmaceutical

Biotechnology

There was one biotechnology IPO during the second half of 2011 vs. two in the first half.

[Clovis Oncology](#) (NASDAQ: CLVS) raised a larger than typical IPO of \$130 million at \$13 per share, at the lower end of its original range of \$13 - \$15 per share. Clovis is focused on acquiring and developing anti-cancer agents in US and European markets and was backed by top-tier life science investors such as [Domain Associates](#), [Versant Ventures](#) and strategic investor [Pfizer](#).

Pharmaceutical

Only one venture capital-backed Pharmaceutical company went public, raising \$49.5 million in aggregate gross proceeds, versus three pharmaceutical companies that went public in the first half of 2011.

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[Horizon Pharma](#) (NASDAQ: HZNP) raised \$49.5 million at \$9 per share, below the original price range of \$10 - \$12. Horizon is developing treatments for mild to moderate pain management. The company raised in excess of \$70 million in funding from top-tier life science venture capital firms such as [Essex Woodlands Health Ventures](#). Horizon's stock price fell to under \$4 per share in January, 2012, less than six months after its IPO.

**Other
Technology**

There were 2 IPOs covering the remaining technology sectors of Semiconductors and Electronics. Aggregate gross proceeds totaled \$285.3 million.

Semiconductors

San Jose, California-based [Intermolecular](#) (NASDAQ: IMI) floated its IPO, raising \$96.5 million. The IPO went out significantly below its estimated range, pricing at \$10 per share versus an original range of \$12 - \$14 per share. [CMEA Capital](#), [Redpoint Ventures](#) and [U.S. Venture Partners](#) are company investors. The company produces what it calls High Productivity Combinatorial integrated processing, characterization and informatics systems that accelerate learning in semiconductor materials discovery, process development and device integration.

Table 1 is on the following page

Table 1

Venture Capital IPO Activity – 2nd Half 2011

(Sorted by IPO date)

Company Name	Ticker	Industry	IPO Date	IPO Amount	IPO Price	1.31.12 Price	% Change
Zillow	Z	Internet	7/19/2011	\$69,240,000	\$20.00	\$29.49	47.5%
Skullcandy	SKUL	Electronics	7/19/2011	\$188,800,000	\$20.00	\$13.45	-32.8%
Tangoe	TNGO	Software	7/26/2011	\$88,000,000	\$10.00	\$14.50	45.0%
Horizon Pharma	HZNP	Pharmaceutical	7/27/2011	\$49,500,000	\$9.00	\$3.97	-55.9%
Carbonite	CARB	Storage	8/11/2011	\$62,500,000	\$10.00	\$9.98	-0.2%
Groupon	GRPN	Internet	11/3/2011	\$70,000,000	\$20.00	\$20.39	2.0%
Imperva	IMPV	Storage	11/9/2011	\$90,000,000	\$18.00	\$32.98	83.2%
Clovis Oncology	CLVS	Biotechnology	11/15/2011	\$130,000,000	\$13.00	\$18.99	46.1%
InvenSense	INVN	Mobile	11/16/2011	\$75,000,000	\$7.50	\$16.49	119.9%
Angie's List	ANGI	Internet	11/17/2011	\$114,400,000	\$13.00	\$14.76	13.5%
Intermolecular	IMI	Semiconductors	11/18/2011	\$96,500,000	\$10.00	\$8.42	-15.8%
Jive Software	JIVE	Software	12/13/2011	\$161,275,200	\$12.00	\$14.85	23.8%
Zynga	ZNGA	Digital Media	12/15/2011	\$1,000,000,000	\$10.00	\$10.50	5.0%
Total Venture Capital IPOs	13			<u>\$2,195,215,200</u>			

Notes

This report was prepared by the staff of VentureDeal, LLC.

The information source used was the [VentureDeal.com](#) database and reputable online resources. VentureDeal is a venture capital database that provides the latest information about venture-backed technology companies, venture capital firms and transactions in the United States.

The database obtains transaction and company information from a wide variety of reputable public and private sources. While this report is free of charge, users may view the individual transactions supporting the totals herein by subscribing to VentureDeal.

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