

# Venture Capital IPO Report

**1<sup>st</sup> Half, 2010 – United States**

Prepared & Published by: [VentureDeal](#)

## **IPO Activity for Venture Capital-Backed U.S. Companies**

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## IPO Activity

### Summary

During the first half of calendar 2010, 21 venture capital-backed U.S. technology companies went public, raising a total of \$1.9 billion in gross offering proceeds.

6 life science companies raised \$491 million in gross proceeds. 6 Internet, Digital Media and Software venture backed companies had IPOs resulting in \$612 million total consideration. 9 companies in the remaining sectors of Semiconductors, Wireless, Mobile, Financial Services and Transportation garnered \$799 million from public investors.

### Internet • Digital Media • Software

- Internet** Internet sector IPO activity was at a low ebb, with [ReachLocal](#) (NASDAQ: RLOC) being the only IPO during the six-month period. ReachLocal helps small and medium businesses attract customers via online search and yellow page offerings. The company raised \$54 million in its IPO on May 20 and was backed by venture capital firms such as [Rho Ventures](#), [Galleon Group](#) and [VantagePoint Venture Partners](#). It said it would use the net proceeds from the offering to fund working capital, general corporate purposes and to potentially acquire complementary technologies.
- Digital Media** One Digital Media company went public during the first half of the year - [QuinStreet](#) (NASDAQ: QNST) - which raised \$150 million. QuinStreet has created a suite of online marketing services and technologies for its 600 large enterprise clients. Venture capital firms that owned more than 10% of the company stock as of the IPO date were [Split Rock Partners](#) and [Sutter Hill Ventures](#).
- Software** There were four Software IPOs during the first half of the year, with gross proceeds totaling \$408 million. EDI supply chain technology company [SPS Commerce](#) (NASDAQ: SPSC) had the smallest IPO, at \$59.5 million. SPS had raised a total of \$71 million of paid in capital prior to the IPO.

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The largest software IPO was for [SS&C Technologies](#) (NASDAQ: SSNC), which raised \$161 million on March 31. SS&C provides a wide range of reporting and analysis software to the financial asset management industry. The company said that it would use the majority of the net proceeds of approximately \$104 million to pay off senior subordinated debt of about \$71 million.

## **Biotechnology • Pharmaceutical • Medical Devices**

- Biotechnology** There were two Biotechnology IPOs during the half year, both occurring within 10 days of each other in April. [Tengion](#) (NASDAQ: TNGN) raised \$30 million in gross proceeds for its offering. The company has developed tissue regeneration technology that uses a patient's existing tissue to create new tissue scaffolding. It plans to use the net proceeds primarily to fund clinical trials of its technologies, and as yet has no appreciable revenues from operations.
- Pharmaceutical** Four venture capital-backed Pharmaceutical companies went public, raising \$383 million in aggregate gross proceeds.
- [Ironwood Pharmaceuticals](#) (NASDAQ: IRWD) raised \$188 million in its IPO. Ironwood is still in clinical stage trials for its irritable bowel and constipation drug treatment candidate. Since the IPO, its shares have remained essentially flat, performing much better than the other three pharmaceutical IPOs which have dropped significantly. Analysts covering the company have cited the history of patient noncompliance and cheaper front line options as potential barriers to creating a truly blockbuster drug.
- [Alimera Sciences](#) (NASDAQ: ALIM) went public in April, raising \$72 million in gross proceeds at a price of \$11 per share. Alimera is developing ophthalmic pharmaceuticals focused on diseases affecting the retina. The company believes that as the world's population ages, more and more people will be affected by diseases of this type.
- Medical Devices** There were no Medical Device IPOs during the first half of 2010.

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## Mobile • Wireless

- Mobile**                    There were two Mobile IPOs during the half year, with both occurring within 6 days of each other in June. [Motricity](#) (NASDAQ: MOTR) raised \$50 million in gross proceeds for its offering. The company has developed a complete mobile service provider platform that it sells to mobile telecom companies on a hosted, managed service basis. Motricity was backed by a syndicate of venture capital firms, noted individual investor Carl Icahn and corporate investor [Intel Capital](#).
- Wireless**                    One Wireless company went public, Sunnyvale, California-based [Telenav](#) (NASDAQ: TNAV). Telenav raised \$56 million on May 14, after originally filing its S-1 on October 30, 2009. The company provides services that assist users in navigating via their GPS device as well as enterprise grade mobile workforce software. Telenav's stock price has risen slightly from its original \$8.00 offering price.

## Other Technology

There were 6 IPOs covering the remaining technology sectors of Financial Services, Networking, Semiconductors and Transportation. Aggregate gross proceeds totaled \$682.4 million.

- Networking**                    Calix Networks (NYSE: CALX) raised \$81.9 million in gross proceeds for its IPO, at an offering price of \$13 per share. The company sells last mile networking equipment. Subsequent to the IPO, it raised an additional \$200 million in order to take advantage of the \$7.2 billion in US government stimulus money made available to rural telecommunications carriers.

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Table 1

## Venture Capital IPO Activity – 1<sup>st</sup> Half 2010

(Sorted by Industry)

Company Name	Ticker	Industry	IPO Date	Gross IPO	IPO Price	7.30.10 Price	% Change
Codexis	<a href="#">CDXS</a>	Biotechnology	4/22/2010	\$78,000,000	\$13.00	\$8.95	-31%
Tengion	<a href="#">TNGN</a>	Biotechnology	4/12/2010	\$30,000,000	\$5.00	\$3.50	-30%
QuinStreet	<a href="#">QNST</a>	Digital Media	2/11/2010	\$150,000,000	\$15.00	\$12.05	-20%
Financial Engines	<a href="#">FNGN</a>	Financial Svcs.	3/17/2010	\$127,200,000	\$12.00	\$14.65	22%
ReachLocal	<a href="#">RLOC</a>	Internet	5/20/2010	\$54,166,000	\$13.00	\$13.89	7%
Vringo	<a href="#">VRNG</a>	Mobile	6/23/2010	\$11,000,000	\$4.60	\$2.70	-41%
Motricity	<a href="#">MOTR</a>	Mobile	6/17/2010	\$50,000,000	\$10.00	\$8.02	-20%
Meru Networks	<a href="#">MERU</a>	Networking	3/31/2010	\$65,802,000	\$15.00	\$12.18	-19%
Calix Networks	<a href="#">CALX</a>	Networking	3/24/2010	\$81,900,000	\$13.00	\$10.68	-18%
Alimera Sciences	<a href="#">ALIM</a>	Pharmaceutical	4/22/2010	\$72,000,000	\$11.00	\$7.29	-34%
Aveo Pharmaceuticals	<a href="#">AVEO</a>	Pharmaceutical	3/12/2010	\$81,000,000	\$9.00	\$7.74	-14%
Anthera Pharmaceuticals	<a href="#">ANTH</a>	Pharmaceutical	3/1/2010	\$42,000,000	\$7.00	\$5.38	-23%
Ironwood Pharmaceuticals	<a href="#">IRWD</a>	Pharmaceutical	2/3/2010	\$188,000,000	\$11.25	\$11.80	5%
Alpha & Omega Semic.	<a href="#">AOSL</a>	Semiconductors	4/29/2010	\$91,500,000	\$18.00	\$12.41	-31%
MaxLinear	<a href="#">MXL</a>	Semiconductors	3/24/2010	\$90,000,000	\$14.00	\$12.51	-11%
BroadSoft	<a href="#">BSFT</a>	Software	6/17/2010	\$67,500,000	\$9.00	\$8.65	-4%
Accretive Health	<a href="#">AH</a>	Software	5/21/2010	\$120,000,000	\$12.00	\$11.89	-1%
SPS Commerce	<a href="#">SPSC</a>	Software	4/22/2010	\$59,500,000	\$12.00	\$10.64	-11%
SS&C Technologies	<a href="#">SSNC</a>	Software	3/31/2010	\$161,000,000	\$15.00	\$17.10	14%
Tesla Motors	<a href="#">TSLA</a>	Transport	6/29/2010	\$226,000,000	\$17.00	\$19.94	17%
Telenav	<a href="#">TNAV</a>	Wireless	5/14/2010	\$56,000,000	\$8.00	\$5.44	-32%

**Total Venture Capital IPOs      21**

**\$1,902,568,000**

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## Notes

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

The information source used was the [VentureDeal.com](http://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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