

Venture Capital M&A Quarterly

3rd Quarter, 2010 – United States

Prepared & Published by: [VentureDeal](#)

M&A Activity for:

Venture Capital-Backed Technology Companies

Contents

Activity

Biotechnology • Pharmaceutical • Medical Devices 2

Internet • Digital Media • eCommerce • Software 4

Telecom • Wireless • Mobile • Communications 7

Notes 11

Biotechnology • Pharmaceutical • Medical Devices

Summary Biotechnology, Pharmaceutical and Medical Device M&A activity increased by 63%, with 13 companies acquired during the third quarter versus eight companies acquired in the second quarter, 2010. Biotech and Pharmaceutical companies accounted for nine of the acquisitions and four Medical Device companies were acquired during the quarter.

Biotechnology [Zystor Therapeutics](#) was acquired by publicly held [BioMarin Pharmaceuticals](#) (NASDAQ: BMRN) for a total consideration of \$115 million. The consideration was composed of \$22 million upfront cash and up to an additional \$93 million earn-out based on the achievement of certain milestones. Zystor is developing therapeutics focused on patients who suffer from genetic disorders known as lysosomal storage diseases.

In the biotech informatics space, Sunnyvale, California-based [BioImage](#) was acquired by pharmaceutical giant [Roche](#) for \$100 million. BioImage created technology that automates the analysis of images that span across gels, cells, tissues and whole body images. BioImage was backed by venture capital firms and strategic investors that included [Siemens Venture Capital](#).

Pharmaceutical Four pharmaceutical companies changed hands this quarter, versus three last quarter. Cambridge, Massachusetts-based [FoldRx Pharmaceuticals](#) was acquired by [Pfizer](#) (NYSE: PFE), for an undisclosed amount. FoldRx was developing what it called "disease modifying drug therapies for diseases of protein misfolding and amyloidosis." The company had raised in excess of \$120 million of venture capital, strategic and private equity financing.

In the metabolic and inflammatory disease spaces, [Alnara Pharmaceuticals](#) was acquired by Eli Lilly & Co. (NYSE: LLY) for an undisclosed amount. Alnara develops non-systemic protein therapeutics for patient treatments.

**Medical
Devices**

Four Medical Device companies were acquired during the quarter versus three in the previous quarter. The largest disclosed acquisition price was \$744 million that [Alcon](#) (NYSE: ACL) paid for [LenSx Lasers](#). LenSx developed next-generation laser technology used in eye surgery applications. The purchase price was composed of \$361.5 million in cash and up to \$382.5 million in contingent earn-out. LenSx venture capital backers included [InterWest Partners](#), [SV Life Sciences](#) and [Versant Ventures](#).

Sunnyvale California-based [Asthmatx](#) was acquired by [Boston Scientific Corp.](#) (NYSE: BSX). Asthmatx developed an interventional medical device for the bronchoscopic treatment of patients with moderate to severe asthma. The purchase price was \$443.5 million, composed of \$193.5 million in cash plus up to \$250 million based on revenue-based earnout.

Table 1

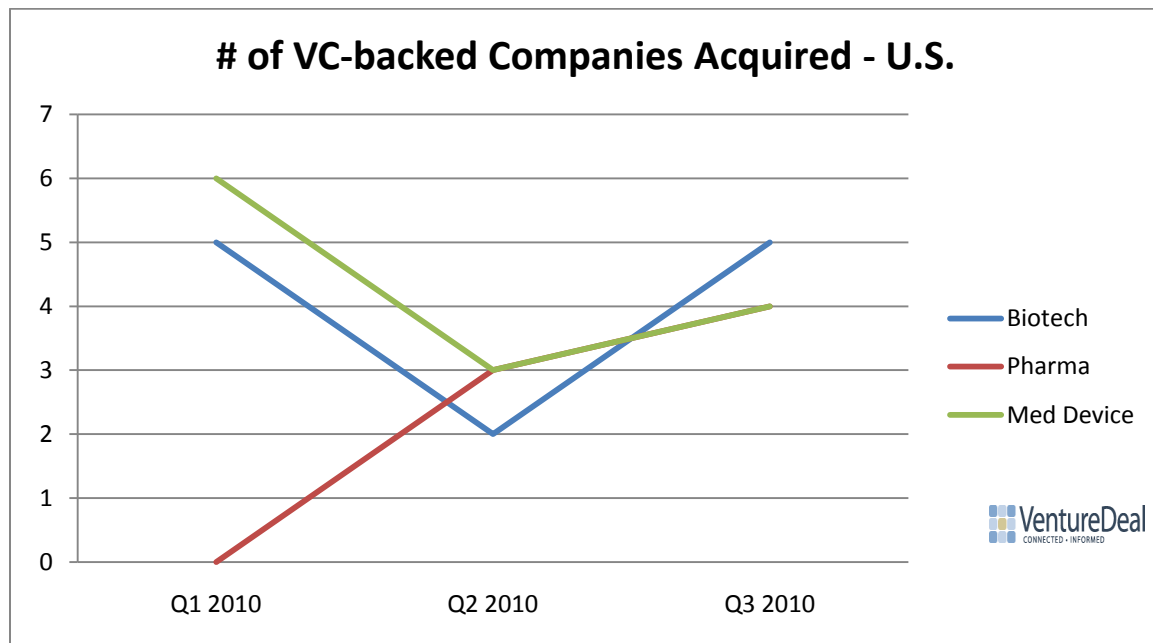
Venture Capital M&A Activity – 3rd Quarter 2010

Biotechnology • Pharmaceutical • Medical Devices

Industry Sector	Number of Transactions	% Change vs. Prior Quarter	Disclosed Transaction Amounts (10 of 13 Deals)
Biotechnology	5	+150%	\$1.05 billion
Pharmaceutical	4	+33%	\$132.5 million
Medical Devices	4	+33%	\$1.67 billion
Total	13	+63%	\$2.85 billion

This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2010 VentureDeal. [Some Rights Reserved](#).

Chart 1

Venture Capital M&A Activity – YTD 2010
 Biotechnology • Pharmaceutical • Medical Devices

Internet • Digital Media • eCommerce • Software

Summary Sector M&A activity increased by 32%, with 41 companies purchased during the quarter versus 31 in Q2. Only 6 of the 31 transactions disclosed deal consideration, totaling \$2.66 billion, with two transactions accounting for \$2.26 billion of that total.

Internet M&A activity in the Internet sector increased by 57%, from 14 deals in Q2 to 22 deals in Q3. 15 of the 22 companies acquired were based in Silicon Valley or San Francisco. 4 of the 22 companies acquired were based in New York or Massachusetts.

This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2010 VentureDeal. Some Rights Reserved.

Business social network [LinkedIn](#) made two acquisitions during the quarter. On August 4, it acquired digital media company [mSpoke](#) for an undisclosed amount. mSpoke had developed what it called an "Adaptive Personalization Engine" that helps websites deliver relevant content based on implicit and explicit consumer feedback.

LinkedIn also acquired Internet company [ChoiceVendor](#) for an undisclosed amount. ChoiceVendor created technology that enables users to rate and review business service providers.

Internet portal [AOL](#) made three acquisitions late in the quarter: Web sharing company [Thing Labs](#), influential tech blog [TechCrunch](#) and [5min](#), a short-form how-to video sharing website. Financial terms for all three transactions were not disclosed.

Digital Media Seven digital media companies changed hands this quarter, a 17 % increase from the six in Q2. For VentureDeal's purposes, digital media companies are generally either advertising networks or game developers.

The largest transaction during the quarter was the acquisition of game maker [Playdom](#) by the [Walt Disney Co.](#) Playdom created the number one most popular game on MySpace - Mobsters. The company also created popular games on Facebook. Playdom was acquired for \$763.2 million, of which \$563.2 million was cash and \$200 million was a performance-based earn-out.

eCommerce There were two eCommerce acquisitions during the quarter. By far the largest was the acquisition of [Arcot Systems](#) by [CA Technologies](#) for \$200 million in an all cash transaction. Arcot provides multilayer transaction authentication between banks, online merchants and customers.

Software Software M&A activity remained the same compared to the previous quarter, with 10 companies being acquired. Four of the ten companies acquired were located in Silicon Valley, with the remainder located in Massachusetts (2), Washington (1), Texas (1) and Colorado (2).

By far the largest acquisition during the quarter was that of managed security company [ArcSight](#) by [HP](#). ArcSight had developed a blue-chip customer base of over 350 enterprises, agencies and security service providers. HP paid an all cash consideration of \$1.5 billion. ArcSight

This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2010 VentureDeal. [Some Rights Reserved](#).

was backed by such venture capital firms as [Kleiner Perkins Caufield & Byers](#) and [Integral Capital Partners](#).

San Mateo, California-based business intelligence database company [Greenplum](#) was acquired for an undisclosed all cash sum by [EMC Corporation](#). Greenplum was backed by a large syndicate of both venture capital and strategic investors.

Table 2

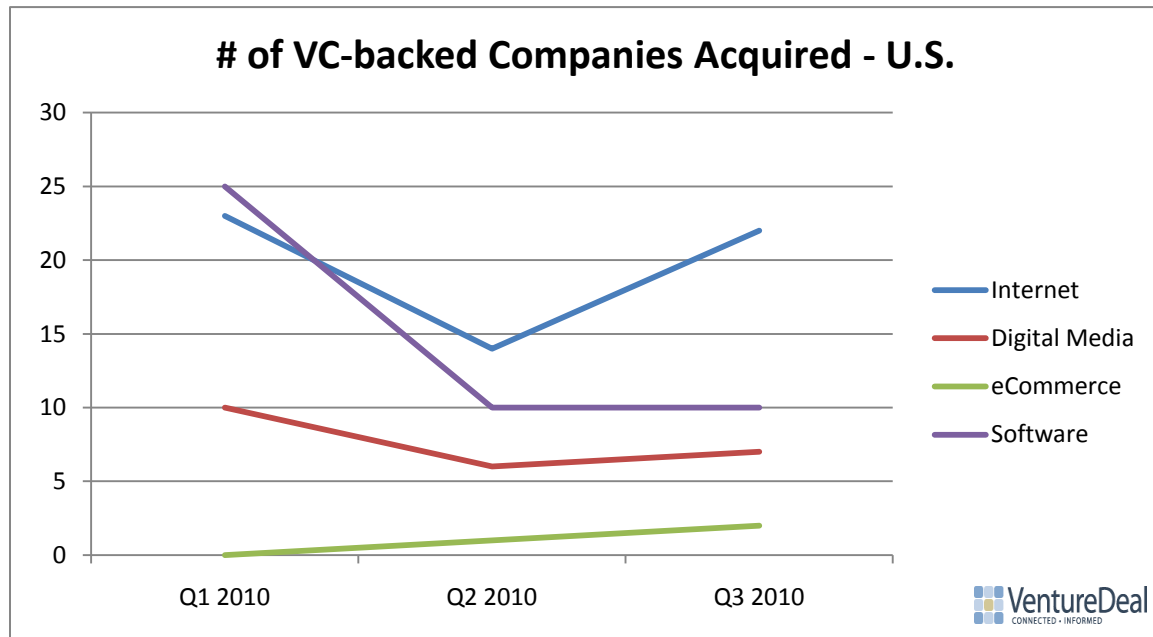
Venture Capital M&A Activity – 3rd Quarter 2010

Internet • Digital Media • eCommerce • Software

Industry Sector	Number of Transactions	% Change vs. Prior Quarter	Disclosed Transaction Amounts (6 of 41 Deals)
Internet	22	+57%	Undisclosed
Digital Media	7	+17%	\$763 million
eCommerce	2	+ 100%	\$209 million
Software	10	--	\$1.69 billion
Total	41	+32%	\$2.66 billion

This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2010 VentureDeal. [Some Rights Reserved](#).

Chart 2

Venture Capital M&A Activity – YTD 2010
 Internet • Digital Media • eCommerce • Software

Telecom • Wireless • Mobile • Communications

Summary Aggregate M&A activity for Telecom, Wireless, Mobile and Communications companies remained unchanged from the previous quarter, with six companies being acquired versus Q2. All of the acquisition activity was in the Mobile sector, with four acquired companies based in California and two in New York.

Telecom There were no venture capital-backed companies acquired during the quarter in the Telecom sector. This is compared to the previous quarter where only one company was acquired.

This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2010 VentureDeal. Some Rights Reserved.

Wireless There were no Wireless sector companies acquired during the quarter. There was only one company acquired in the wireless sector in the previous quarter, so activity remains at a very low ebb.

Mobile Six Mobile companies were acquired in Q3 versus four in Q2 and 10 in Q1.

[FusionOne](#) was acquired by [Synchronoss Technologies](#) for \$75 million. The purchase price was composed of an upfront payment of \$32 million in cash and \$8 million in stock, plus up to \$35 million in earn-outs. FusionOne had created a suite of services that enable mobile phone users to enhance their productivity.

New York-based mobile commerce company [Transfer To](#) was acquired by France-based eCommerce company [Ingenico](#) for \$38 million. Transfer To developed technology that enable "small value transfers through mobile phones."

Communications There were no disclosed Communications M&A transactions during the quarter. The previous quarter also showed no transactions, so M&A activity in the sector remains nonexistent.

Table 3 and Chart 3 on Following Pages

Table 3

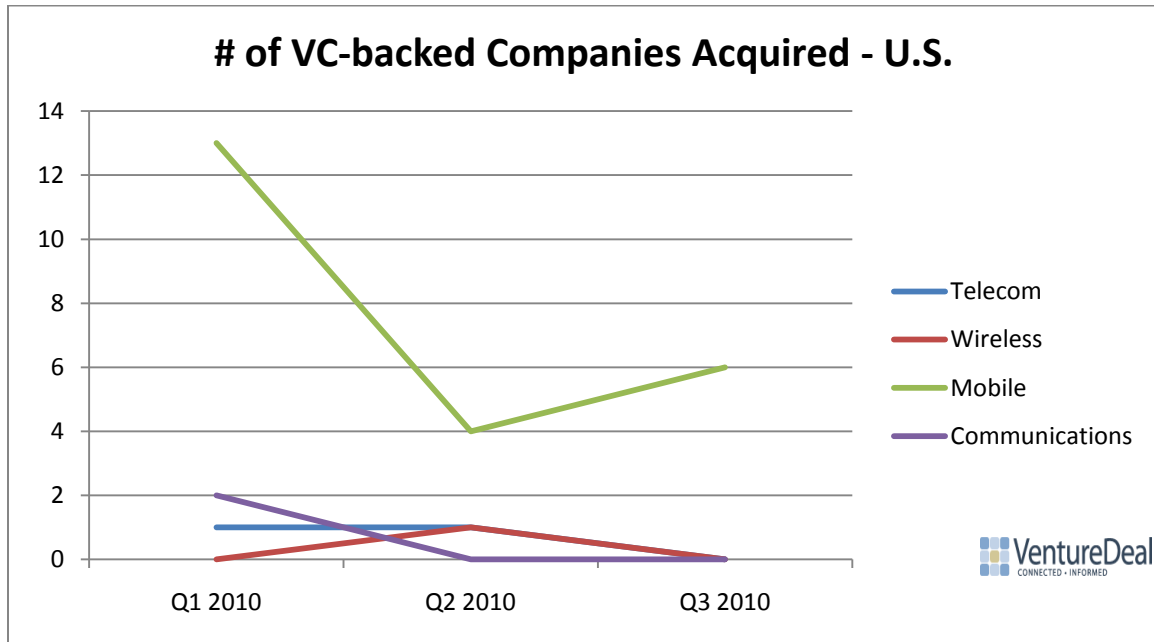
Venture Capital M&A Activity – 3rd Quarter 2010
 Telecom • Wireless • Mobile • Communications

Industry Sector	Number of Transactions	% Change vs. Prior Quarter	Disclosed Transaction Amounts (2 of 6 Deals)
Telecom	0	-100%	Undisclosed
Wireless	0	-100%	Undisclosed
Mobile	6	+50%	\$113 million
Communications	0	- 100 %	Undisclosed
Total	6	--	\$113 million

This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2010 VentureDeal. Some Rights Reserved.

Chart 3

Venture Capital M&A Activity – YTD 2010
Telecom • Wireless • Mobile • Communications



This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2010 VentureDeal. Some Rights Reserved.

Notes

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

The information source used was the VentureDeal.com database. 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.

This publication may be re-produced or re-transmitted for non-commercial purposes, subject to the copyright notice herein.

While all attempts have been made to verify information provided in this publication, neither the author nor the publisher assumes any responsibility for errors, omissions or contrary interpretation of the subject matter herein.

This publication is not intended for use as a source of any advice such as legal, medical, financial or accounting. The information contained herein may be subject to varying international, federal, state and/or local laws or regulations. The purchaser or reader of this publication assumes responsibility for the use of these materials and information. Adherence to all applicable laws and regulations, including international, federal, state and local, governing professional licensing, business practices, advertising and all other aspects of doing business in the US, Canada or any other jurisdiction is the sole responsibility of the purchaser or reader. Neither the author nor the Publisher assume any responsibility or liability whatsoever on the behalf of any purchaser or reader of these materials.

[\(C\) 2010 VentureDeal, LLC. Some Rights Reserved.](#)

This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2010 VentureDeal. [Some Rights Reserved.](#)