

Venture Capital IPO Report

1st Half, 2012 – United States

Venture Capital-Backed U.S. Technology Company IPOs

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IPO Activity

Summary During the first half of calendar year 2012, 30 venture capital-backed U.S. technology companies went public, raising a total of \$18.6 billion in gross offering proceeds. This compares quite positively to the \$2.19 billion raised during the second half of 2011. \$16 billion of the difference was attributable to one oversized deal, the [Facebook](#) IPO. Stripping out that large transaction from the aggregate dollar amount, the IPO market showed a sequential increase of 18%.

Eight Digital Media and Internet venture-backed companies had IPOs garnering \$16.7 billion total consideration. 11 Software, Financial Services, IT and Mobile companies secured \$1.1 billion during the period. 5 life science companies went public, raising \$331 million in gross proceeds. 6 companies in the remaining industries of Electronics, Alternative Energy, Manufacturing and Networking raised \$468 million.

With respect to pricing, of the 30 total IPOs, 15 priced above their expected range. 3 priced within the expected original or revised range and the remaining 12 companies priced below the original range sought. There was a much higher percentage of companies pricing their offerings either above or below their range and relatively few within their original expectations, suggesting significant pricing volatility. Also, as of 7.31.2012, 22 of 30 (73%) IPO share prices were higher than their initial flotation price, little improved when compared to 69% of positive IPOs in the second half of 2011.

Digital Media • Internet

Digital Media One Digital Media company went public during the first half of 2012: [Millennial Media](#) (NYSE: MM).

Millennial raised \$132.6 million, the fifth largest IPO of all venture back tech companies during the first half of the year. The company priced the offering at \$13 per share, above the original range of \$9 - \$11 per share. Millennial has created a mobile advertising and data platform and was funded by a syndicate of venture capital and private equity firms.

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Internet

Seven Internet companies went public during the first half of 2012.

[Facebook](#) (NASDAQ: FB) was by far the largest IPO of the period, raising gross proceeds of \$16 billion for its global online social networking service. The IPO share price of \$38 was above its original range of \$28 - \$35. The company was backed by a large syndicate of domestic, international venture capital and late stage private equity firms. The IPO received criticism for possible Reg FD disclosure issues and suffered NASDAQ exchange trading execution problems.

As the smallest Internet IPO during the period, video and mobile application platform company [Brightcove](#) (NASDAQ: BCOV) raised \$55 million in its IPO, which priced at \$11, within its original range of \$10 - \$12 per share. The company has developed a video and mobile application hosting and distribution platform. The stock has performed well since its initial flotation, increasing in value by 26% as of 07.31.2012.

**Software,
Financial
Services,
IT & Mobile**

There were 11 IPOs during the second half of the year for the Software, Financial Services, IT and Mobile industries, with gross proceeds totaling \$1.1 billion.

In the largest software IPO during the six-month period, San Mateo, California-based [Guidewire Software](#) (NYSE: GWRE) raised \$115 million in gross proceeds at a price of \$13 per share, above the original range of \$10 - \$12. Guidewire provides system software to the property and casualty insurance industry and was backed by [U.S. Venture Partners](#), [Bay Partners](#) and [Battery Ventures](#).

Five IT companies went public during the period. The smallest offering, that of [Synacor](#) (NASDAQ: SYNC), received gross proceeds of \$34 million. However, the company's stock price has more than doubled in the five months since its flotation. Interestingly, Synacor slashed its offering price to \$5 per share from an original range of \$10 - \$12, and has more than made up the difference. The company was backed by a large syndicate of regional venture capital and strategic investors. Synacor provides authentication and aggregation solutions for the delivery of online content and services.

Biotechnology • Pharmaceutical

- Biotechnology** There were two biotechnology IPOs during the first half of 2012 vs. one in the previous six-month period. Both IPOs were on the smaller side in terms of gross proceeds received.
- [Verastem](#) (NASDAQ: VSTM) raised \$55 million at \$10 per share, in the middle of its estimated range of \$9 - \$11. Verastem is focused on developing small molecule drugs for cancer stem cells in breast and other cancers. The company was backed by a large syndicate of venture capital and private equity investors.
- Pharmaceutical** Three venture capital-backed Pharmaceutical companies went public, raising \$231.5 million in aggregate gross proceeds, versus one pharmaceutical company that went public in the second half of 2011.
- Cambridge, Massachusetts-based [Merrimack Pharmaceuticals](#) (NASDAQ: MACK) raised \$100.1 million in gross proceeds at \$7 per share, below the original price range of \$8 - \$10. Merrimack is developing what it calls "medicines paired with companion diagnostics for the treatment of cancer." The company was backed by a variety of venture capital, corporate and private equity firms.
- Other Technology** There were 6 IPOs covering the remaining technology sectors of Electronics, Alternative Energy, Manufacturing and Networking. Aggregate gross proceeds totaled \$468 million.
- Networking** Santa Clara, California-based [Infoblox](#) (NYSE: BLOX) floated its IPO, raising \$120 million. The IPO went out above its estimated range, pricing at \$16 per share versus an original range of \$12 - \$14 per share. [Sequoia Capital](#), [Trinity Ventures](#), [Tenaya Capital](#) and [Duchossois Technology Partners](#) among others were company investors. Infoblox provides an appliance-based solution that enables automatic control of dynamic networks and next-generation data centers.

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Table 1

Venture Capital IPO Activity – 1st Half 2012

(Sorted by IPO date)

Company Name	Ticker	Industry	IPO Date	IPO Amount	IPO Price	7.31.12 Price	% Change
Guidewire Software	GWRE	Software	1/25/2012	\$115,050,000	\$13.00	\$25.66	97%
Verastem	VSTM	Biotechnology	1/27/2012	\$55,000,000	\$10.00	\$9.34	-7%
Greenway Medical Tech.	GWAY	Software	2/2/2012	\$67,000,000	\$10.00	\$13.69	37%
Cempra Pharmaceuticals	CEMP	Pharmaceuticals	2/3/2012	\$50,400,000	\$6.00	\$7.91	32%
EPAM Systems	EPAM	IT	2/8/2012	\$72,000,000	\$12.00	\$16.04	34%
ChemoCentryx	CCXI	Biotechnology	2/8/2012	\$45,000,000	\$10.00	\$14.49	45%
FX Alliance	FX	Fin. Services	2/9/2012	\$62,400,000	\$12.00	\$22.10	84%
Synacor	SYNC	IT	2/10/2012	\$34,000,000	\$5.00	\$9.73	95%
Brightcove	BCOV	Internet	2/17/2012	\$55,000,000	\$11.00	\$14.81	35%
Ceres	CERE	Alt. Energy	2/22/2012	\$65,000,000	\$13.00	\$8.67	-33%
Bazaarvoice	BV	Internet	2/24/2012	\$114,000,000	\$12.00	\$15.50	29%
Proto Labs	PRLB	Manufacturing	2/24/2012	\$68,800,000	\$16.00	\$37.83	136%
Yelp	YELP	Internet	3/2/2012	\$107,250,000	\$15.00	\$19.96	33%
Demandware	DWRE	Software	3/14/2012	\$88,000,000	\$16.00	\$24.57	54%
ExactTarget	ET	Internet	3/22/2012	\$161,500,000	\$19.00	\$22.80	20%
Vocera	VCRA	Mobile	3/27/2012	\$93,600,000	\$16.00	\$26.84	68%
Café Press	PRSS	Internet	3/28/2012	\$85,500,000	\$19.00	\$8.09	-57%
Millennial Media	MM	Digital Media	3/28/2012	\$132,600,000	\$13.00	\$9.93	-24%
Merrimack Pharmaceuticals	MACK	Pharmaceuticals	3/28/2012	\$100,100,000	\$7.00	\$7.97	14%
Enphase Energy	ENPH	Alt. Energy	3/30/2012	\$54,000,000	\$6.00	\$5.81	-3%
Splunk	SPLK	IT	4/19/2012	\$229,500,000	\$17.00	\$29.40	73%
ProofPoint	PFPT	IT	4/20/2012	\$81,900,000	\$13.00	\$13.82	6%
Infoblox	BLOX	Networking	4/20/2012	\$120,000,000	\$16.00	\$21.01	31%
Envivio	ENVI	Networking	4/25/2012	\$70,200,000	\$9.00	\$5.99	-33%
WageWorks	WAGE	Internet	5/10/2012	\$58,500,000	\$9.00	\$14.19	58%
Audience	ADNC	Electronics	5/10/2012	\$90,100,000	\$17.00	\$18.05	6%
Facebook	FB	Internet	5/17/2012	\$16,000,000,000	\$38.00	\$21.71	-43%
EXA	EXA	Software	6/28/2012	\$62,500,000	\$10.00	\$10.02	0%
Tesaro	TSRO	Pharmaceuticals	6/28/2012	\$81,000,000	\$13.50	\$13.26	-2%
ServiceNow	NOW	IT	6/28/2012	\$209,700,000	\$18.00	\$27.00	50%

Total Venture Capital IPOs **30**
\$18,629,600,000

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Notes

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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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