



Newsletter

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Introduction

January 15, 2010

Coordinator

Ian Patrick Sobieski

SIG Group Leaders

Paul Quadros—LS/Biotech
Dean Sirovica—Energy
Bob Kyle—Telecom/Security
Ron Weissman—Software
Jan Jannink—Internet
David Deacon—Social

Full Screening Committee

Chris Meyer
Wally Buch
David Overhauser
Daniel Joensen
Rock Clapper
Gene Shklar

Life Science Committee

Rivka Sherman-Gold
Mike Bates
Art Reidel
Wally Buch
Denis Coleman
Paul Quadros

Membership Committee

Mike Bateman
David Burwen
Brian Frenzel
Martin Lefebvre
Art Reidel
Stephen Taylor

Dinner Details

Date: Wed., Jan 20th, 2010

Place: Los Altos Golf and Country Club

Time: 6:15 - 9:00 pm

RSVP: 650.321.0854
rsvp@bandangels.com

Do you remember January of 2009? The Dow was at 8251, there was the fire-sale of Bear, the death of Lehman and bailout of AIG, and even whispers that Goldman Sachs could be in trouble. A year later, with the Dow over 10,700, our current economic troubles from the inflation-threat to healthcare costs seem almost prosaic. The positive mood is evident in the anecdotes and data from our business too. The ASTIA conference this past week had to be moved to a larger venue to accommodate the larger than expected crowd. Our lawyer, in a welcome change from last summer, reports being extremely busy with uprounds rather than "pay-to-plays". In fact, our deal *Practice Fusion*, which Wally Buch led and was the first investment of our Acorn Fund, just completed a \$5M financing from Morgenthaler at a valuation 4x what we paid last January!

Between January and June of 2009, the Band completed just 2 new investments. By the end of the year we had invested in a total of 11 new startups!! The weighting of activity to the back half of 2009 underscores the easing of mood from 'paralyzed' to merely 'cautious and worried'. Of course, cautious and worried is probably the way we should always be; the "only the paranoid survive" mantra of Andy Grove is a good one for angel investors. Now might be the best time to be investing in startups; while the Dow is up +30% since this time last year, early stage valuations are only continuing to go down. We invested in *Upstart* last quarter at \$600k pre-money, and are doing diligence on *SiLock* and *Materna* at \$550k and \$1M pre-money valuation respectively.

It might be when today's caution and worry is replaced by unbridled optimism that its time to stop investing. Well, who knows? In hindsight it will be all obvious! But regardless, we keep apace here at the Band building on our past success and have an exciting year planned. We are going to have another portfolio day of updates from 15+ of our companies on March 16th; and combine this with a morning half-day "Early Exit Workshop" taught by Basil Peters, who we are flying in from Canada. There will be the usual array of SIG activities, monthly deal screening meetings, interviews by the membership committee, the summer and holiday parties (maybe in a new venue), and social events including again the annual Ski Trip in March! All this is made possible by Nicola and Dominique and the volunteer efforts of our members. We start this year with 125 great members and the ambition to grow the Band's size this year. One way you can help is by nominating good candidates for the Band—do you know any?

Your Christmas gift this year was the Band directory. We stopped publishing this in early 2001 after two problems. The least was its partial publication in the *San Jose Mercury News*. Of greater concern was the directory's use in putting together financings outside of the Band's process. Doing deals outside the "process" is absolutely OK; it's encouraged in fact! But a cornerstone of this group is that an opportunity should be made available to all members. It is a principle I've enforced with 3 Band side funds and it is a practice that is in the long term interests of the Band. We expect that knowing this rule is enough; but to help passively enforce it we have left contact information out of the directory. Just contact the staff when you need it; and that lets us know a deal is going on. And, of course, keep the directory confidential and out of the newspaper!

Best wishes for a happy and prosperous 2010!

- Ian