



Early-stage stars

by Paul Bonanos Posted 07:32 EST, 7, Sep 2007

There's a mystery to venture capitalists largely lacking among the financial engineers of private equity and the average alpha-sniffing hedge fund manager. The fascination lies in the ability of top VCs to spot a billion-dollar business, or even an entire industry, hidden within a patent or string of code. And the giants of the profession — Jim Breyer, John Doerr, Vinod Khosla, Michael Moritz — are rightly viewed as high priests of high tech.

Among their acolytes are young VCs looking to make their mark, and perhaps a few hundred million bucks, with their own investments. At the same time, they must make their own way as technological change inevitably churns up and obscures the path forward. Few succeed.

Of this group, the following are five young venture investors who show uncommon promise. ([See chart](#)) Each has already notched up impressive exits and demonstrates in some way that rare combination of vision, instinct and expertise that is the hallmark of top VCs. Collectively, their investments in mobile telecommunications, on-demand software, Web 2.0 and other startups also reflect key trends in the evolution of technology.

Danny Rimer Index Ventures

Danny Rimer is on a global search for so-called disruptive technologies. He feels at home in many places. He grew up in Geneva, cut his teeth as an analyst in the Bay Area in the mid-1990s and established **Index Ventures'** office in London.

"We're comfortable in many cultures," he says. "Because we're not American, we identify with challengers more than established companies."

His search has uncovered a lot of success already. As a general partner with the Barksdale Group, he backed Tellme Networks Inc., sold to **Microsoft Corp.** earlier this year for \$800 million. He led Index's 2004 investment in voice-over-Internet-protocol service Skype Technologies SA just 18 months before its \$4.2 million sale to **eBay Inc.** His early investment in social-music site Last.FM Ltd. preceded its \$280 million sale to **CBS Corp.** by just over a year. Index could soon sell its stake in open-source database company **MySQL AB** if it files for a widely anticipated initial public offering.

All three Index investments were in European companies, but Rimer visits Silicon Valley frequently. Although he finds Europe to be less susceptible to the highs and lows of technology cycles, his tenure in the Bay Area as an Internet analyst with Hambrecht & Quist Capital Management LLC and as a partner with the Barksdale Group taught him ways to insulate himself from market gyrations.

At 36, Rimer is the youngest of three brothers at Index, working with partner Neil Rimer (a co-leader of the Last.fm investment) and operating partner David Rimer.

David Weiden
Khosla Ventures

When he was 12 years old, David Weiden represented his home state of Washington in a nationwide Monopoly tournament, telling The Seattle Times, "Games that use luck bore me." Now that he's 35, Weiden says his most successful venture investments have combined the rational self-interest of buying Boardwalk with the good fortune of an Atlantic City gambler on a hot streak.






"It's more like Monopoly than chess," he explains.

Three of Weiden's employers — McCaw Cellular Inc., Netscape Communications Corp. and **Tellme Networks Inc.** — have been acquired in blockbuster deals, and he's made seed investments in publicly traded Opware Inc., bought by **Hewlett-Packard Co.** for \$1.6 billion, and Good Technology Inc., acquired by **Motorola Inc.**, reportedly for \$500 million, as well as Tellme. Of his employers, which also included **AOL LLC** and **Morgan Stanley**, he says only Tellme gave him a window into a startup's full life cycle, including a brush with failure. "My Tellme experience was scary and very hard. But that's what shaped me."

Since he joined **Khosla Ventures** last year, Weiden has already enjoyed an exit from the sale of mobile device management firm Bitfone Corp. to Hewlett-Packard for an undisclosed price.

Although the firm is more widely known for founder Vinod Khosla's "clean technology" interests, Weiden focuses on consumer Internet, mobile software and services.

"I think Vinod would also tell you that luck is the No. 1 thing that helped him," Weiden says.

Five tech VCs to watch				
Name	Firm	Age	Exits	Current investments
 Jason Green	Emergence Capital Partners	40	DoubleClick Inc., aQuantive Inc., Visual Networks Inc., Ask Jeeves Inc.	SuccessFactors Inc., Megapath Networks Inc., Goodmail Systems Inc.
 Josh Kopelman	First Round Capital	36	TurnTide Inc., IronPort Inc., StumbleUpon Inc., del.icio.us	LinkedIn Inc., Jingle Networks Inc., VideoEgg Inc.
 Danny Rimer	Index Ventures	35	Skype Technologies SA, Last.fm Ltd., TellMe Networks Inc.	Joost Operations SA, MySQL AB
 David Weiden	Khosla Ventures	35	Opware Inc., Good Technology Inc., TellMe Networks Inc., Bitfone Corp.	iLike Inc., RingCentral Inc.
 Tim Chang	Norwest Venture Partners	34	IPWireless Inc., Iridigm Display Corp.	3Jam Inc., Sequoia Communications Inc.

Jason Green
Emergence Capital Partners

"I believe that you learn more from your successes than from your mistakes," **Emergence Capital Partners** co-founder Jason Green, 40, says.

He should know about a few of those, having participated in no less than five billion-dollar exits. A former Kauffman Fellow who joined **Venrock Associates** in the mid-1990s, then spent six years at **U.S. Venture Partners** during the peak of the first Internet boom era, Green scored home-run exits from early investments in online advertising agent **DoubleClick Inc.**, search site Ask Jeeves Inc., digital marketing agent **aQuantive Inc.** and Internet software maker Visual Networks Inc.

Green joined two other co-founders in formally establishing Emergence in 2004 after making a few investments from an early pilot fund. The firm, created to invest in on-demand software and similar Web services companies, bought out a personal stake held by a former **Salesforce.com Inc.** employee, giving it a share of the on-demand software pioneer's bellwether \$110 million IPO in 2004.

Since then, Green has led Emergence's investments in a handful of startups, including IPO candidate **SuccessFactors Inc.**, which provides hosted human resources software. He's also a founding board member of the nonprofit organization Endeavor, which helps entrepreneurs establish new companies in the developing world.

"There are an infinite number of ways to make mistakes," he says. "The goal is pattern recognition among the few things that are true across your successes."

Josh Kopelman
First Round Capital

For Josh Kopelman, investing serially in numerous seed-stage Web 2.0 companies is a way to continue being an entrepreneur. A founder of several companies over the years, he has grown up alongside the Web while the cost of starting an Internet business has gone down, spurring Kopelman to become one of the industry's most prolific micro-VC investors.

Since founding his first company, **Infonautics Corp.**, in 1992, Kopelman has had a vested interest in transforming the Web. Infonautics' first customers were Prodigy Communications Corp. and America Online Inc., and Kopelman recalls that it cost \$5 million to launch Infonautics' first product. "I'm now funding companies that take \$250,000 to \$500,000 to launch."

In 1999, he formed swap-meet site Half.com Inc. and sold it to **eBay Inc.** the next year. In 2004, he created anti-spam router developer TurnTide Inc., which was acquired by **Symantec Corp.** for \$28 million just six months later.

As an investor, 36-year-old Kopelman has done about 25 deals on his own, first through personal firm **Midas Capital LLC** and currently through seed-stage specialist **First Round Capital**. "I perceived a capital gap for companies that required less than \$1 million to get started," he says. "There wasn't a fund that really targeted that area."

Some of his Web 2.0 investments have resulted in quick sales, with eBay acquiring StumbleUpon Inc. for \$75 million and **Yahoo! Inc.** picking up del.icio.us for an undisclosed sum believed to be around \$30 million.

Kopelman isn't shy about sharing opinions on his blog, which he says helps keep him in the Web 2.0 loop while he's at home in Philadelphia.

"I have a voice even when I'm not in the room," he says. "There's a lot of value in the Silicon Valley ecosystem, but not all good ideas come from there."

Tim Chang **Norwest Venture Partners**

Many Silicon Valley venture capitalists are investing in Asia these days, but few are as prepared to guide product development and engineering overseas as Tim Chang, who, at 34, has already worn many multinational hats.

Chang has been an automobile technology engineer guiding teams in China, Japan and South Korea; a product manager for **Gateway Inc.**, specializing in direct marketing in Japan; a seed investor in Tokyo focused on mobile applications for the Japanese market; and the leader of several early-stage wireless investments for **Gabriel Venture Partners** between 2001 and 2006.

Last year, **Norwest Venture Partners** managing partner Promod Haque tapped Chang to promote the firm's aggressive Asia investment strategy, with a special emphasis on mobile investing in China.

"You can't be in the mobile digital media sector without being keenly aware of who your early adopters are in places like South Korea and China," Chang says. His knowledge of the sector has already led him to two exits, both from investments made with Gabriel: mobile broadband startup IPWireless Inc. was acquired by **NextWave Wireless Inc.** for \$235 million this spring, while **Qualcomm Inc.** bought display technology developer Iridigm Display Corp. for \$170 million in 2004, just two months after Chang led Gabriel's investment.

Chang also draws from his experiences as an actor, musician and video game enthusiast in making investments.

"I used to be fearful that I wouldn't be taken seriously as a technology and business guy if people knew about that," he says. "But entertainment is driving changes in gaming and video. I'm dealing more with Hollywood lately."

Watch this space, too

Here are a few more young VCs forging the future. They and their deals are worth keeping an eye on:

Roelof Botha, 33	Former PayPal Inc. CFO who joined Sequoia Capital in 2003, led the firm's investment in YouTube Inc. (sold for \$1.6 billion to Google Inc.), and currently holds stakes in Internet TV startup Joost Operations SA and money transfer service Xoom Corp.
Bob Hower, 43	General partner with Advanced Technology Ventures , who has been involved in four exits since the fall of 2005, including the IPO of Acme Packet Inc. and the sale of e-Security Inc. to Novell Inc.
Hemant Taneja, 32	Managing director at General Catalyst Partners , who was a board member of both SiteAdvisor Inc. and m-Qube Inc., sold to McAfee Inc. and VeriSign Inc. , respectively, in 2006.
Ryan Floyd, 35	Co-founding general partner with Storm Ventures LLC , who has led investments in virtualization startup DeviceVM Inc. and desktop computing company Kidaro Inc.