

Institutional Venture Partners has new \$750 million fund

By Scott Duke Harris

Institutional Venture Partners, one of Silicon Valley's veteran late-stage finance specialists, announced Tuesday the close of a new \$750 million fund -- the 13th and largest in IVP's 30-year history.

The fund was "oversubscribed," IVP crowed in a news release, meaning that the firm exceeded its target because of demand from investors such as university endowments, public pension funds and other entities that manage great wealth.

IVP's initial goal was \$600 million with a cap of \$750 million, but it could have raised more, general partner Dennis Phelps said in an interview. "Our last three funds have all generated very positive returns," he added.

The fundraising success of IVP and some other firms in recent months at a time when the recession-racked industry as a whole is attracting fewer dollars illustrates an increasingly Darwinian trend in which stronger firms have thrived while others struggle or go out of business. Also apparently thriving is Andreessen Horowitz, which made its rookie debut last year with a \$350 million fund and is already trying to raise a second fund of \$650 million, according to the financial industry news site PE Hub.

IVP's new fund succeeds a \$600 million fund it closed in 2007. In its news release, IVP said it will continue to focus on mature startups that seek extra capital to grow. In recent years, it has also invested in hot Internet startups Twitter and Zynga, and it was an investor in ArcSight, one of the valley's few initial public offerings in 2008 and 2009.

Led by five partners, the Menlo Park-based firm said it intends to make investments ranging from \$10 million to \$50 million in three target sectors: digital media, communications and wireless, and enterprise information technology.