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## Echoing Around Tech Confab: 'Call Me'

By Pui-Wing Tam

Silicon Valley's initial public offering machinery has cranked up into full swing. Kevin Chou recently got a taste of the activity.



The day after professional-networking site LinkedIn Corp. went public earlier this month, Mr. Chou said he suddenly found himself faced with half a dozen voicemails from different investment bankers. All were looking to offer their services, which include IPO underwriting, to his Redwood City, Calif., social-gaming company Kabam Inc.

The calls from bankers started in early May when Chinese social-networking company Renren Inc. went public, said Mr. Chou, chief executive of Kabam, which last week said it had raised an \$85 million financing round. "But LinkedIn took it to an all new level," he said. "I don't usually field six banker calls in one day."

Mr. Chou's experience shows how a renewed market appetite for Internet offerings has pushed Silicon Valley's IPO infrastructure into top gear. Entrepreneurs are examining IPO plans and venture capitalists are encouraging their portfolio companies to go public, while investment bankers and lawyers are boosting their IPO-related staff to handle more deals.

The ramp-up comes as more big-name Internet IPOs are expected, with social-gaming start-up Zynga Inc. actively exploring a public offering, according to people familiar with the San Francisco company. Daily deals site Groupon Inc., meanwhile, has picked bankers for a planned IPO later this year, said people familiar with the matter.

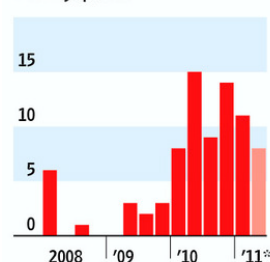
The potential IPOs are likely to be a hot topic at this week's D9: All Things Digital conference in Rancho Palos Verdes, Calif., where tech leaders including Zynga CEO Mark Pincus and Groupon CEO Andrew Mason are scheduled to appear.

Spokespeople for Zynga and Groupon declined to comment.

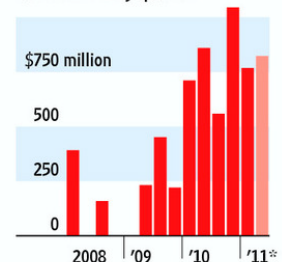
Overall, 18 U.S. companies backed by venture capital, including LinkedIn, have gone public so far this year, on pace to exceed the 46 such IPOs in 2010, according to Dow Jones VentureSource. In contrast, there were eight venture-backed IPOs in 2009 and seven in 2008.

### The New IPO Wave

Number of U.S. venture-backed IPOs by quarter



Amount raised in U.S. venture-backed IPOs by quarter



\* Q2 as of May 27

Source: Dow Jones VentureSource

Another 44 venture-backed companies are currently on file to go public, including Internet music company Pandora Media Inc. and online real-estate site Zillow Inc., according to VentureSource.

"The bankers are extremely busy, the lawyers are hiring like crazy, and the accounting firms are struggling to keep pace with all the market activity," said Todd Chaffee, a venture capitalist at Institutional Venture Partners in Menlo Park, Calif., which has invested in Zynga and others. "Even with valuations sky high, there is a fever pitch for high-growth investment opportunities in both the private markets and the public markets."

Gordy Davidson, chairman of Silicon Valley law firm Fenwick & West LLP, said his firm is working on a dozen potential IPOs now, versus three or four a year ago. To cope with the surge, Fenwick boosted the staff in its corporate law group over the past year by 14% to 114 attorneys, the biggest it's been since 2001 when the dot-com bust unfolded, he said.

"We're in that territory where we have more business than we can handle," added Tom Shanahan, head of West Coast investment banking at Needham & Co., which is currently working on 13 possible IPOs, up from a handful a year ago. "In a market like this, every company and venture capitalist is taking a second look

at whether to wait for a year or take advantage of the current market conditions" to go public.

Many venture capitalists and others are careful to note that the current Silicon Valley IPO wave differs from that of the late 1990s dot-com boom. Few Web companies that went public back then had profits and scale like today's firms. "There's definitely a sense of renewed IPO optimism, but it doesn't look like the Valley is losing its mind right now," said Lise Buyer, an IPO consultant at Class V Group.

Some tech start-ups said they weren't letting the IPO noise distract them. Tony Zingale, CEO of Jive Software Inc., a social-business software maker in Palo Alto, Calif., which is often mentioned as an IPO candidate, said he and his team watched the LinkedIn IPO closely for a gauge of how Wall Street would embrace a Web IPO.

Yet even as LinkedIn "created a different level of energy" around an IPO, Mr. Zingale said Jive was "going through the process in a methodical way" given that many pieces, including financial reporting mechanisms and other elements, need to be in place before a company can file to go public.

Glenn Kelman, CEO of online real-estate brokerage Redfin Corp., said he is hearing heightened IPO interest from both his board of directors, many of whom are venture capitalists, as well as employees. In the past three weeks, several board members have introduced him to investment bankers, while he has discussed the topic of IPOs with employees, he said.

While Redfin is trying to "stay heads down in a world that is now completely heads up," Mr. Kelman said "it seems more possible for tech companies of all shapes and sizes to go public now."