

THE WALL STREET JOURNAL.

IVP Raises \$750 Million Fund

By Pui-Wing Tam

Venture-capital firm Institutional Venture Partners said it raised a new \$750 million fund, as the overall venture-fundraising environment begins to show some signs of improvement.

The Sand Hill Road, Menlo Park, Calif., venture firm, which primarily invests in later financing rounds of start-ups as opposed to the earliest stages of a start-up, said its newest fund is larger than its 2007 fund that closed at \$600 million. The new fund—dubbed IVP XIII—was also originally targeted to be \$600 million but was oversubscribed, said IVP General Partner Todd Chaffee.



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Mr. Chaffee said investor interest in the new fund was particularly driven by IVP's results over the past few years, with the firm having taken stakes in hot start-ups such as micro-blogging service Twitter and online games company Zynga. Since IVP largely invests in start-ups when they are more mature, Mr. Chaffee said some of the risk is also diminished for an investor.

IVP's new fund debuts as the overall landscape for venture fundraising has improved from 2009, when the venture-capital sector was still reeling from the financial crisis. In the first half of this year, 72 new venture funds raised \$7.5 billion, up 13% from 68 funds that collected \$6.6 billion in the same period in 2009, according to research firm VentureSource.

Still, IVP's fundraising took longer than for the 2007 fund, said Mr. Chaffee.

IVP started raising its newest fund in February and closed it seven months later in August, whereas the previous fund took just four months to raise, he said. He noted that it has been "a choppier time in the market" for investors.

Bob Morgan, a director of private equity at Northern Trust, said his firm—which has invested in previous IVP funds—also decided to invest in the new fund because of the caliber of the partners at IVP and because of IVP's portfolio of startups. "With Twitter and Zynga, their portfolio is coming together nicely," he said.

With its new fund, IVP will continue focusing on investing in start-ups that are more mature, typically investing \$30 million per company, said Mr. Chaffee. The firm's focus will stay on U.S.-based technology companies, he added, noting that IVP doesn't invest in life-science firms and hasn't invested in clean technology start-ups. The firm invests in about six companies a year, and currently has about 30 active portfolio companies, he said.