

Important notice: please read

The following PDF article from PrivateEquityOnline.com is reproduced with permission from the copyright owner, Investoraccess Ltd. To view this article you must therefore have Adobe Acrobat® software installed on your computer. Investoraccess Ltd is not responsible for the supply of this software [available at www.adobe.com] or for any difficulties experienced when accessing this PDF. The article may be distributed in either print or electronic form only by the party that acquired this PDF and may not be resold, amended or incorporated into any other article, database or catalogue in any media. Investoraccess Ltd reserves the right to withdraw permission to use and distribute this article at any time without refund if in the company's reasonable opinion its usage is inappropriate and/or infringes the company's rights. The purchaser of this article agrees to be bound by these conditions. If you have any questions about this notice or about your requirements for this article please email: enquiries@privateequityonline.com

© 2007 Investoraccess Ltd
Second Floor
Sycamore House
Sycamore Street
London
EC1Y 0SG
T: +44 20 756 5444

Scale Venture closes \$400m second fund

7 Mar 2007

The Bank of America spin-out has closed its second fund, and transferred the ownership of its portfolio from the banking giant to 12 new limited partners.

Foster City, California-based [Scale Venture Partners](#) closed its second technology- and healthcare-focused fund, [Scale Venture Partners II](#), on \$400 million (€305 million).

In a unique fund structure, Scale Venture Partners II's original sole investor, [Bank of America](#), has transferred its interest in the existing fund to a mix of 12 limited partners, the majority of which are funds of funds including [Montague Newhall](#), [Lexington Partners](#), [Pantheon Ventures](#) and [Macquarie Global Private Equity Fund](#). The new LPs, many of them secondary market specialists, have not only committed fresh capital but have bought into the fund's existing portfolio companies.

"It's a great outcome for us," said Scale Ventures managing director [Rory O'Driscoll](#). "We're excited to have the new LPs, and at the same time, this is a great transition."

The venture capital firm, formerly [BA Venture Partners](#), became independent of Bank of America in January. Bank of America was the only limited partner in the firm's first fund, which closed in 2000.

Venture Partners' current fund – the structure of which has not changed despite the difference in LPs – began investing in December 2004, and its portfolio currently has 16 companies, said O'Driscoll. "I think we'll end up with around 27 to 30 companies," in which the average investment will be between \$5 million and \$20 million, he said.

The firm expects to focus primarily on US companies, O'Driscoll added.

The fund was marketed by San Francisco-based placement agent [Probitas Partners](#), which also advises clients on secondary market transactions.

Lining up LPs took less time to do than does the typical primary fundraise, said Probitas partner [Craig Marmer](#).

It was, however, slightly more complicated, Marmer said, "because you had an existing fund structure with a portfolio, requiring more information and more analysis" on the LP-side.

That may be the reason why so many of Scale Venture Partners II's are funds of funds and secondary specialists, O'Driscoll speculated.

Last year, Scale Venture Partners had eight exits through acquisitions or initial public offerings and 29 financings totaling more than \$90 million. Its 2006 IPOs among its portfolio companies included [Somaxon](#) and [Omniture](#), while acquisitions included [Outer Bay](#) by [Hewlett-Packard](#), and [Good Technology](#) by [Motorola](#). The firm currently manages \$1.2 billion in capital.