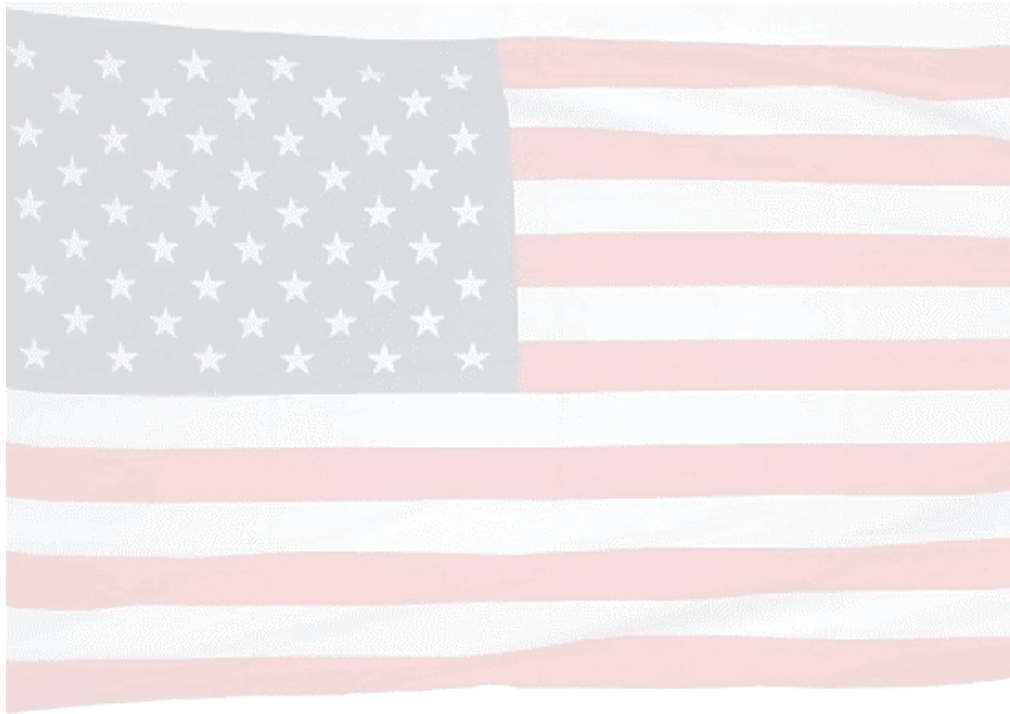


# **VENTURE CAPITAL IN TIMES OF WAR**

Special Report Profiles Leading Investors & Emerging Companies



**FundingPost.com**

February 2003

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3 Truman Ct, Suite 100  
Norwalk, CT 06854, USA  
[www.FundingPost.com](http://www.FundingPost.com)

## **VENTURE CAPITAL IN TIMES OF WAR**

According to FundingPost's recent survey of the nation's leading Venture Capital investors and emerging companies, the threat of war will not have a long-term effect on the Venture market.

This FundingPost report profiles responses from the top VC firms, including **Thomson Financial, BRM Capital, Silicon Alley Seed Investors, Diamondhead Ventures, Milestone Venture Partners** and **Trident Capital**. Also, this report features survey responses from CEOs of emerging companies approaching the Venture market.

"VCs and entrepreneurs are looking for answers about how the threat of war is affecting the Venture market, and our report offers some surprising insights," said Joe Rubin, Director for FundingPost. "Unlike the public stock markets, which have had several reports on this topic, our report is the first one focused on how war affects earlier-stage companies and their investors."

### **How is the threat of war affecting deal-flow and investment?**

#### **What VCs are thinking:**

- Wars have typically impacted the short-term U.S. economy and not the long-term economy.
- Venture investors are investing for the long term and do not change their long-term strategies based on current events.
- Venture investors are opportunistic and look towards current events, such as the threat of war, to seek dealflow in industries that will attract additional spending such as security.

#### **What entrepreneurs are thinking:**

- Entrepreneurs are still actively starting companies, even in the difficult market experienced over the past two years.
- Emerging companies today are more realistic in their expectations and understand that with consumer confidence and corporate spending down, they need to adjust their projections and outlook.
- Many of the entrepreneurs interviewed believe that historically, the strongest companies are built in difficult market conditions.

**We believe that this report demonstrates the strength and continued persistence within America of both emerging companies and the investors who fund them.**

**DiamondHead Ventures**  
**www.dhven.com**

David Lane  
Managing Director:

*“Historically, recent wars in which the U.S. has been involved have impacted the short-term economy but not the long-term economy. Given that we are long-term investors, we do not change our investment strategy. We do realize that the war may cause temporary economic weakness, and we build that uncertainty into our portfolio companies' yearly operating budgets.”*

**Firm Overview**

DhVen invests in seed and early-stage investments in outstanding Internet infrastructure and B2B technologies spinning out of corporations and leading research universities.

DhVen is dedicated to helping innovators bring great technologies to market quickly and successfully, and we have the track record to prove we can do just that. Our investment team has over 40 years of successful IT experience. We've grown and launched industry leaders including 3COM, Harmonic, Extreme Networks and Terabeam.

DhVen's team includes a world-class network of corporate partners, including: Oracle, Sun Microsystems, Sonera, HCL Technologies, Foxconn and Fujitsu.

We're looking for opportunities in private sector and in leading research universities. We believe that university research represents a highly-promising source of next-generation technology, and we're focusing our resources on supporting innovation in this environment. Of course, we're also actively seeking promising technologies generated within the commercial sector to complement our university-based portfolio.

**Recent Investments****Cavium Networks**

Cavium Networks is a fabless semiconductor company focused on delivering solutions that will enable the new Internet security infrastructure. Cavium's products will deliver unprecedented performance while slashing the cost and complexity of deploying security.

**Cranite Systems**

Wireless networking products from Cranite Systems give corporations the tools they need to secure, speed and simplify connections to mobile users. Cranite's unique technology integrates vital network security, management and mobility functions into a unified wireless networking platform.

**Danger, Inc.**

Danger has created a hiptop mobile service and device that seamlessly connects to wireless networks providing consumers the freedom to browse the entire Internet, exchange instant messages and send and receive email with attachments. Additional hiptop features include a full-featured phone, personal information management (PIM), entertainment applications.

**Thomson Financial**  
**www.thomsonfinancial.com**



Arie H. Abecassis  
Director:

*"From a macro-level perspective, the aura of uncertainty created by the threat of War is fostering an environment of caution within corporate America, and is slowing the pace of start-up growth. Whether this extends into a longer-term trend will depend on whether there is a perceived swift and decisive conclusion to this conflict."*

*"Sub-sectors of the economy, such as security and data storage, should benefit from continued conflict. The financial services industry and government, among others, will look to embrace newer technologies that protect their people, data and communications."*

Arie recently spoke at FundingPost's Trends Technology in Venture Capital: Forecast 2003, sponsored by Microsoft.

#### **Firm Overview**

TF Ventures makes venture-stage equity investments in companies that could be strategically important to existing Thomson Financial business units and offer potential for exceptional financial returns.

The stage of investments ranges from as early as first institutional round to mezzanine round, and is typically focused on the B2B sector across a wide range of financial services vertical markets. Through the investment, TF looks to provide and gain access to new technology, markets, applications and/or management. TF Ventures participates in its investments in either role of lead or co-investor.

#### **Recent Investments**

##### **Creditex**

Creditex is a market-supported, Internet-based transactional and informational platform designed to meet the needs of the global over-the-counter (OTC) credit derivatives market. The Creditex platform is available to all qualified market participants to meet, negotiate and execute credit derivatives transactions with other qualified counterparties.

##### **Finaceware Corporation**

Finaceware Corporation, based in Richmond, Va., powers financial advice through a unique suite of online analysis and client collaboration tools for financial advisors. These tools, coupled with a goal-based advising approach called wealthcare, allow advisors to improve their clients' chances of succeeding financially.

##### **Kestrel Technologies Inc.**

Kestrel Technologies Inc. develops and distributes sophisticated front-office software for securities dealers, brokers and investment managers. Kestrel's products and services are utilized by more than 50 of the world's largest securities firms, including nearly two-thirds of the US Government Securities Primary dealers.

**BRM Capital**  
**www.brm.com**

Charlie Federman  
Managing Director:

*"The threat of war has already been factored in the reduced prices we see for investment and exit. Going forward, a concern is the impact a real war would have on the economy, and more specifically, customer budgets. The 09.11 tragedy shut customer budgets for a full quarter. Reasonable expectations would factor in the same impact. Therefore, budgets with reduced expectations, ensuring adequate capital on hand through either reduced spending or higher raises, are essential. The net effect of the above is that from a relative risk/reward ratio, we are optimistic that this is a good time to be investing in early stage-companies not relying on a near term exit."*

*"We were the first and largest investors/shareholders in Checkpoint. Today, we are significant investors in an SSL security company, Whale Communications. Our view is that there are tremendous opportunities in the security market, however, we temper this perspective with the reality that there has been an explosion of entrepreneurialism and investment in the area. So much so, that perhaps we are seeing too many vendors."*

Charlie Federman recently spoke at FundingPost's Trends Technology in Venture Capital: Forecast 2003, sponsored by Microsoft.

**Firm Overview**

We strive to invest in innovative Companies, providing them with an appropriate blend of the business experience and financial resources necessary for building market-leading companies and driving long-term shareholder value. With offices in both the US and Israel, BRM Capital has a demonstrated track record in helping its portfolio companies successfully transition to the US marketplace.

Founded by entrepreneurs, BRM Capital has over \$250 million under management. In order to best identify the most exciting opportunities, and to help our portfolio develop into market-leading companies, we believe that BRM Capital must understand its markets as deeply as the entrepreneurs leading the companies. As a result, our investments are exclusively focused on the Software and Communications domains.

**Recent Investments****ProSight**

ProSight is the market leader in providing portfolio management applications dedicated to "enabling IT to revolutionize the way they manage themselves." The software allows IT to manage initiatives such as e-business, outsourcing, CRM and ERP implementations. An Implementation team, whose charter is to provide turnkey implementation services to install and configure Solution Modules, complements these solution modules.

**HumanEyes Technologies Ltd.**

HumanEyes Technologies Ltd. has developed its family of Impactio™ software products that enable the simple creation of panoramic 3D stereo images from real photographs for use in advertising and packaging applications.

**Passave**

Passave is a fabless system-on-chip company, developing high-performance, cost-efficient, silicon solutions for fiber-based Ethernet broadband access networks. The company delivers complete solutions that expedite the design process for system vendors, while dramatically reducing product costs and enabling third-party interoperability.

**Milestone Venture Partners**  
**www.milestonevp.com**Edwin Goodman  
General Partner:

*"We are increasingly interested in companies that provide software-based protection against intrusion of databases and communications networks which are currently extremely vulnerable".*

*"The war does not have a long-term effect on the venture industry, but the general feeling of being under siege and the threat of Al Queda does have an impact."*

Edwin Goodman spoke at FundingPost's October 2002 Venture Capital Breakfast.

**Firm Overview**

Milestone is a traditional venture capital partnership. We focus on early-stage, enterprise Information Technology companies in the New York metropolitan area. The Fund targets companies that possess the nucleus of an exceptional management team, a compelling business model, and a large market opportunity.

The fund is managed by veteran venture capitalists, Richard J. Dumler and Edwin A. Goodman, and an experienced information technology and financial professional, Todd T. Pietri. Milestone was co-founded by Edwin A. Goodman and Todd T. Pietri in Fall 1999.

**Recent Investments****Octagon Research Solutions**

Octagon Research Solutions provides regulatory submission and clinical data management services to biotechnology and pharmaceutical companies. Its services help clients streamline its electronic submissions to regulatory agencies and expedite the regulatory process.

**Knovel**

Knovel provides information services through its extensive database of scientific content. The company's subscription-based Website offers corporate, academic and individual users fee levels for access to the entire site or to portions of the site.

**Derivatives Portfolio Management**

Derivatives Portfolio Management (DPM) is a financial services company that supports the hedge fund management market with its product suite that includes investment accounting, financial reporting, multiple broker and trader reconciliation, risk transparency and fund administration services. The company counts approximately \$10 billion in assets and was established in 1993.

**Medidata Solutions**

Medidata Solutions is a provider of software applications and services for the clinical research industry. The company's software data collection and data management software aids with the electronic capture and management of clinical trial data.

**Trident Capital**  
**www.tridentcap.com**



Venetia Kontogouris  
Managing Director:

*"The threat of war has had a negative effect on the stock market, and, in turn, that has an effect on our ability to raise capital and achieve liquidity through IPOs."*

*"We have always included security companies as part of our investment strategy, but the current war talk has not had a direct effect on our investment strategy. There are many developments worldwide that make companies more interested in security and that will remain unchanged in spite of short-term events including Iraq."*

Venetia Kontogouris spoke at FundingPost's October 2002 Venture Capital Breakfast.

#### **Firm Overview**

Trident is a private equity firm focused on the networked economy. In 1993, we founded Trident Capital with a clear vision: *to invest in information and business services companies*. We made it our business to understand the markets, the movers, the technology and the potential. Our focus on information and business services led us to become early investors in Internet companies, including MapQuest and CSG Systems.

To date, we've raised five funds and have over \$1.4 billion under management. We continue to back businesses that capitalize on the ever-growing importance of information connectivity. By leveraging our operating experience and influential contacts, we've helped talented entrepreneurs to build many successful companies. A number of companies from our earlier funds are now public. Many of our recent investments are becoming leaders in their marketplaces. Investment sectors on our radar screen include: the Internet; infrastructure management; outsourcing; transaction services; wireless and information technology.

#### **Recent Investments**

##### **DerivTech**

DerivTech develops software for financial institutions in the areas of currency derivatives pricing, analytics, transaction processing and risk management.

##### **Sygate Technologies**

Sygate Technologies is an IT infrastructure security company. Sygate protects corporate networks from intrusion, eliminates the ability of attacks to gain control of corporate information, and achieves compliance with enterprise security policies.

##### **Qualys**

Qualys provides managed vulnerability assessment solutions that allow IT operators to proactively monitor their networks, detecting and preventing security breaches. Its flagship product, QualysGuard, is an automated vulnerability assessment tool that keeps 'round-the-clock tabs on all network devices that are visible from the Internet.

##### **Arxan Technologies**

Arxan Technologies provides software anti-tamper solutions. Its core product, EnforcIT, prevents tampering with software and makes software self-aware and self-healing. The product automates the introduction of a set of independent guards into an executable.

**Silicon Alley Seed Investors**  
**www.sasinvestors.com**

Ramana Jampala  
Principal:

*"Being early-stage investors, we try to take a longer view of market prospects, and the gestation period for developing world class companies exceeds 5-6 years. Based on this perspective, although the geo-political climate seems to be very uncertain currently, we do not intend to make significant changes to our investment strategy."*

*"Quite often, some of the leading paradigm-shifting innovations do occur in greatest times of uncertainty. Two reasons could be contributing to this - sudden change in the needs-analysis of certain industry sectors, and resource constraints taking the 'survival of the fittest' theory to an extreme."*

Ramana Jampala is speaking at FundingPost's February 26, 2003, Venture Capital Breakfast in NYC.

**Firm Overview**

Founded in January 2001, Silicon Alley Seed Investors (SASI) was formed to facilitate the creation and growth of seed- and early-stage technology companies in the New York metro and tri-state (New York, New Jersey, Connecticut) area. Located in New York City and backed by Canaan Partners, Rho Capital Partners, and Sevin Rosen Funds, three of the country's largest and most prominent venture capital firms, SASI is positioned as one of Silicon Alley's leading backers and builders of core technology companies.

Targeting unique, defensible technology ventures, SASI leverages its broad-based experience, resources, financial commitment, and the active involvement of its Venture Capital Partners, to assist portfolio companies in creating the go-to-market strategies necessary for rapid success.

**Recent Investments****Tacit Networks**

Tacit Networks provides enterprise-class WAN-based storage consolidation services. The company delivers LAN speed access to date over the WAN.

**Lemur Networks**

Lemur Networks is a provider of a service delivery platform for IP services provisioning. The company's major product, I-Fabric, is a directory-enabled service fulfillment platform for broadband service providers, designed to enable the delivery of IP-based voice, data and video services.

**Reactive Nano Technologies**

Reactive Nano Technologies (RNT) developed a nano-scale furnace comprised of reactive foils. The furnace is designed to provide a controlled, local heat source that can be used for welding materials that are otherwise difficult to join, like ceramics and metals.

**PocketQuest Inc.**  
**www.PocketQuest.com**

Andrew Sperazza  
CEO/President



**PocketQuest**  
Advanced Solutions  
for Mobile Business

**Industry: Mobile software for Real Estate, Financial Services and Insurance**  
**Financing Goals: \$750,000 - \$850,000**

*1) Does the threat of war have an effect on your current business model?*

"Yes, although indirectly. The threat of war makes potential customers and investors overly cautious and sometimes pessimistic. This has caused me to have a better-targeted focus on providing a secure solution that can demonstrate a clear ROI."

*2) Do you believe that the threat of war is currently impacting your discussions / feedback with investors?*

"I do not think the threat of war by itself is the cause of the impacts on investors; it seems to be the general negative sentiments about the economy, which is indirectly affected by talks of war."

*3) Why do you believe that now is the right time to start a company and /or raise capital in this market?*

"Very simply, historically, the best companies are started in tough economic times. Additionally, well-established companies strategically invest in down times, specific examples are Microsoft and Intel. One thing is for sure, down times will not be down forever, and when the economy rebounds, the newly-funded startup companies will have a strategic competitive advantage. The logic from traditional investing can be carried out to funding; buy low, sell high = fund in a low economy, sell in a high economy."

*4) Do you believe the entrepreneurial spirit is still alive in America? And, if so, please provide a personal example.*

"Yes and no. For me, entrepreneurial spirit is definitely alive. Some of my colleagues say: 'What are you crazy trying to start a company now? I'm going to a big secure, comfy company,' which is unfortunately reactive. The few entrepreneurs born in this tough time are true leaders, because true leaders lead when the times are tough, anyone can lead in the good times. Therefore, there seem to be fewer entrepreneurs, but of higher quality."

#### **Company Overview**

PocketQuest Incorporated (1+ years) based in NYC is developing a .NET-based mobile software solution that provides a Return on Investment (ROI) for Financial Services, Insurance and Real Estate companies targeting mobile professionals. PocketQuest is focused on customer-centric execution and is positioned to become the provider of a useful and productive personalized mobile experience to large and small businesses. The company has a patent pending for personalizing corporate data, including CRM data, company data, Internet data, electronic forms, and product data utilized on TabletPC and PocketPC devices.

**Arkadium, Inc.**  
**www.Arkadium.com**



Kenny Rosenblatt  
President

**Industry: E-Commerce, Games**

**Financing Goals: Seeking first round of \$250,000. Currently funded by "friends and family."**

*1) Does the threat of war have an effect on your current business model?*

"The threat of war has little to no impact on my business model, but perhaps may increase my revenues. During wartime people are generally not eager to travel and typically stay home more often. The more they stay home, the more time they spend on the computer."

*2) Do you believe that the threat of war is currently impacting your discussions / feedback with investors?*

"No."

*3) Why do you believe that now is the right time to start a company and /or raise capital in this market?*

"Entrepreneurs are like tea bags, you never know how strong they are until you put them in hot water. Times may be tough, but well-executed ideas have always been recession-proof."

*4) Do you believe the entrepreneurial spirit is still alive in America? And, if so, please provide a personal example.*

"Absolutely, myself as a perfect example. I left an enjoyable job, a six-figure salary, and health benefits to start Arkadium. I didn't care that the economy was taking a beating, I didn't care that no salary was in sight, I didn't care that investors laughed me off, nor did I care that a working product was twelve months away. I did know that my idea was amazing, my business model was solid, the market potential was tremendous, and that I would work my ass off to make Arkadium a success."

### **Company Overview**

Arkadium, Inc., has created an exciting new online game community that offers users the unique ability to wager against one another in games of skill. Launching in the second quarter of 2002, Arkadium offers a thrilling, real-stakes gaming alternative to the estimated 40 million online gamers in the United States. Offering both one-on-one and tournament-style play in classic board, card and arcade games, Arkadium is uniquely designed, easy to use, fully secure, and poised to change the world of online gaming.

**Audio Messaging Solutions, LLC**  
**www.AMSonHold.com**Aaron Kleinhandler  
CEO/Managing Partner**Industry: Telecom / Business - Business Services**  
**Financing Goals: \$2,600,000**

1) *Does the threat of war have an effect on your current business model?*

"AMS' business model revolves around long-term (1-3 years) service contracts and we have found that potential customers are using the war and the economy as reasons not to commit. We have had to incorporate more flexibility in our offering to allay these customer fears. While this has impacted our sales strategy, it has not affected our overall business model. Because we are looking for long-term service contracts, we have much more flexibility on pricing which has translated into a 30% growth in our subscriber base."

2) *Do you believe that the threat of war is currently impacting your discussions / feedback with investors?*

"As an entrepreneur, I am always trying to understand what an investor is looking for. The tanking of the economy, September 11th and the ongoing War on Terror have made many investors rethink their strategy and sometimes it is hard for us to know what people are looking for. Sometimes I think the investor does not know what he/she is looking for. I do not think VC funds and investors have given up on looking for the spectacular returns of the mid to late '90s, but the sobering specter of war and uncertain economic times have made it much more difficult for anyone to commit to the long-term support that should go hand in hand with a VC/entrepreneur relationship."

3) *Why do you believe that now is the right time to start a company and /or raise capital in this market?*

"By nature, an entrepreneur is a risk taker, but more than that, an entrepreneur has to believe in what they do 100%. I did not start this to fail. I know my business will succeed despite the current environment. America might have been hurt by the events of the last few years, but we have the most vibrant and innovative economy in the world. I have faith in my business and I have faith in America."

4) *Do you believe the entrepreneurial spirit is still alive in America? And, if so, please provide a personal example.*

"I started putting my business plan together and raising money in March 2001 and had tentative commitments by August. I was in lower Manhattan when the Towers came down. By the end of the month my investors had evaporated. Instead of giving up, I sold my apartment, borrowed money, and renegotiated my contracts. I was up and running by January of 2002. In August I made payroll for my 15 employees on my credit card. By December 31st, we had broken even and sales had increased from the first half of the year by over 100%. I am sure there are thousands of entrepreneurs just like me who could tell you the same story."

**Company Overview**

Audio Messaging Solutions, LLC, was founded in 2001 with the mission of acquiring, developing and operating communications and media businesses in the US and Europe. These business operations focus on providing telecommunication products and production services to improve customer / caller retention, by focusing on the writing, recording and delivery of audio messages and music.

**DigiGAN, Inc.**  
**www.Digigan.com**

Anthony Martini  
President



**Industry: Security Software Provider / Developer**

**Financing Goals: \$10,000,000 second round, \$2,000,000 raised to date.**

*1) Does the threat of war have an effect on your current business model?*

"No, we are in the business of protecting entities, especially the government, from cyber-terrorism, so, all in all, it increases our visibility."

*2) Do you believe that the threat of war is currently impacting your discussions / feedback with investors?*

"Yes, indeed, specifically because of answer #1."

*3) Why do you believe that now is the right time to start a company and /or raise capital in this market?*

"Well, if you have one-of-a-kind security products that fit a specific need as Digigan, Inc., does, then you have a great business to start, otherwise, the market, and financing outlooks are bleak, at best!"

*4) Do you believe the entrepreneurial spirit is still alive in America? And, if so, please provide a personal example.*

"Indeed, I do, but, it certainly needs a bit more help from the VC and government institutions that finance starting and growing business in the US."

### **Company Overview**

DigiGAN, Inc., the digital global area network company, delivers next-generation trusted enterprise information security solutions. Our products provide a secure network environment for conducting electronic business and enabling services for e-and m-business. DigiGAN's products were originally developed by Lockheed Martin to provide a multi-level secure (MLS) environment for the Department of Defense (DoD) and other government agencies. During a 2.5-year development cycle, software developers worked over 20 man-years to create the code. The products were designed with the highest levels of security to ensure they will meet the most demanding enterprise data security policies.

We have customers whom include the Defense Intelligence Systems Agency, and the National Security Agency, and utilize partners such as EDS, Northrop Grumman, Windermere, SAIC, CSC, and many others to deploy our Trusted, one-of-a-kind Information Assurance software solutions throughout many industries world-wide.

**House.com Inc.**  
**www.House.com**



Dan Parisi  
President

**Industry: Online Real Estate and Home Improvements**

**Financing Goals: \$2,500,000. \$500,000 invested to date by the founders.**

*1) Does the threat of war have an effect on your current business model?*

"No. The Real Estate market has remained strong during the recession and if there is a short war it will not affect us."

*2) Do you believe that the threat of war is currently impacting your discussions / feedback with investors?*

"Discussions / feedback with investors? Yes. Investors are very cautious and do not want to commit to any startup companies."

*3) Why do you believe that now is the right time to start a company and /or raise capital in this market?*

"Yes and no. For an online Real Estate and Home improvement company the time is great since the market is hot and the real estate market and home improvement markets need to be transformed. The Real Estate market has basically remained unchanged in the 20 years from when I first entered the real estate field. For raising capital as a startup company it is probably the worst time in recent memory as people do not want risk, and valuations have become very low due to the limited supply of capital available."

*4) Do you believe the entrepreneurial spirit is still alive in America? And, if so, please provide a personal example.*

"Yes. People are always looking to go out on their own and to improve their financial situation. We believe in the idea that the Real Estate and Home improvement businesses are ripe to be brought online and consolidated."

### **Company Overview**

House.com is a startup company focused on becoming an aggregator of consumer traffic focused on the residential real estate market. This model has proven to be profitable, as per the success of Lendingtree.com in the mortgage area. House.com will seek to partner with leading realtors nationwide. Management believes that House.com will have the ability to convert its current traffic demand, based on its industry-leading domain name, into revenues through these partnerships. House.com currently maintains real estate licenses in several key markets.

**IC3D****www.IC3D.com**Peter del Rio  
Co-founder & CEO**Industry: Specialty retail****Financing Goals: Seeking \$2 million. Has raised \$550,000 from Angels.**

1) *Does the threat of war have an effect on your current business model?*

Short term - Yes, IC3D is a consumer company and for the first time we are seeing a slow-down in the velocity of transactions per year. Consumers are spending less as they ready for war and become more worried about their own employment. Long term - No, IC3D will be making uniforms for the military and this will further drive innovation and sales.

2) *Do you believe that the threat of war is currently impacting your discussions / feedback with investors?*

Yes, the first Monday back, January 6<sup>th</sup>, IC3D received a call from a Venture Capitalist, a call from an investment banker and a call from a large Angel investor. I was told by the VC that the limited partners wanted them to stop nurturing their existing portfolios and go out and find new opportunities. IC3D met all three groups the following week, we spent a further week talking, and now it feels like everyone does not want to commit to anything until the war with Iraq is behind us. Things are too unstable and the slowing in the velocity of money domestically and a weaker dollar is causing the equity markets to go lower. The traditional exit strategies for investors are not present and, therefore, they do not see a way to capitalize on success near term. In sum, I have seen a real desire to start the year off strong but war uncertainties have stalled investing.

3) *Why do you believe that now is the right time to start a company and /or raise capital in this market?*

The 18-month nurturing of deals funded in 2000 is over. This is a great time to be noticed if you have a great company. The idea on a napkin can no longer exist in this environment as Angel funding has dried up considerably and valuations have come back to earth. This leaves only those companies that present real opportunities for Venture Capitalists to exist. Consequently, the ratio of deals vs. capital has declined, giving the entrepreneur with a great company a better chance of getting funding.

4) *Do you believe the entrepreneurial spirit is still alive in America? And, if so, please provide a personal example.*

America was founded by opportunists trying to find a better way. Innovation is a part of the American culture and innovation continues at an ever-increasing rate today. What is gone is the "Lucky Fools" theory which states that it is easier to capitalize on a good idea in a market where everyone who participates is rewarded. In times of lower markets traditional exit strategies seem less likely. I believe IC3D is a great company run by an entrepreneur who believes offering a better way will ultimately prevail.

**Company Overview**

The Interactive Custom Clothes Company (IC3D.com) began as a proof-of-concept to show that there was a "better-way" to sell clothes in the 21st century -- to sell custom-made clothes at mass-produced prices. The vision embraces the paradigm shift in manufacturing to where the customer configures and purchases the product before it is produced. Thus, creating greater customer satisfaction, positive cash flow and increased inventory control.

## **About FundingPost**

Founded in January 2001, FundingPost's mission is to connect entrepreneurs with investors. FundingPost's Venture Capital Events, Quarterly Venture Guides and online Venture Exchange, have a track record of connecting VCs with early-stage CEOs. Its next event is titled "Trends in Venture Capital" and will take place in NYC on February 26, 2003. The next Quarterly Venture Capital Guide will be published and distributed to the top 300+ VC firms in April 2003 and feature a section focused on Web Services.

### **FUNDINGPOST EVENTS**

FundingPost produces Venture Capital breakfasts and events in partnership with leading sponsors including Microsoft and Morrison & Foerster. FundingPost's events have consistently sold-out with an average of 100 executives in attendance. The goal of these events is to provide a networking opportunity for emerging companies to interact with leading Venture Capitalists. These events also provide a strong forum for our sponsors to engage new clients and build industry relationships.

[www.FundingPost.com/event](http://www.FundingPost.com/event)

### **FUNDINGPOST VENTURE GUIDE**

FundingPost publishes a Quarterly Venture Capital Guide, which is mailed to the top 300+ U.S. Venture firms. This guide profiles over 60 emerging companies each quarter across a wide array of important sectors. Our Q2 Venture Guide will be published April 2003. To learn more about advertising and sponsorship opportunities please visit:

[www.FundingPost.com/partner](http://www.FundingPost.com/partner)

### **FUNDINGPOST ONLINE VENTURE EXCHANGE**

FundingPost.com provides an online showcase for emerging companies to present company profiles to active Angel and Venture Capital investors. Venture and Accredited investors have the opportunity to review dealflow by region, industry, and stage of development. To learn more and for your company to participate online, please visit:

[www.FundingPost.com](http://www.FundingPost.com)

### **VENTUREWORTHY RESEARCH**

VentureWorthy.com researches companies while they are in the process of raising capital, versus other research platforms today which report only on companies after they have completed raising capital. VentureWorthy.com had the opportunity to survey over 5,000 executives from emerging companies in 2002. To take the survey please visit:

[www.VentureWorthy.com](http://www.VentureWorthy.com)

**[www.FundingPost.com](http://www.FundingPost.com)**