

Close-Up: Carl Eibl

Passion, insight are the signs of a successful

entrepreneur for Enterprise Venture Partners

By **EMILY CADMAN**
The Daily Transcript

Take a groundbreaking idea, season with cash, add key personnel, stir in a bucket load of strategy and an exceptional company will grow. At least that's the theory behind one of finance's riskiest professions — venture capitalism.

One of San Diego's leading proponents is **Enterprise Venture Partners**. The La Jolla-based company is the largest venture capital firm headquartered in Southern California and currently has more than \$1.1 billion in assets under management. It specializes in funding early stage technology companies.

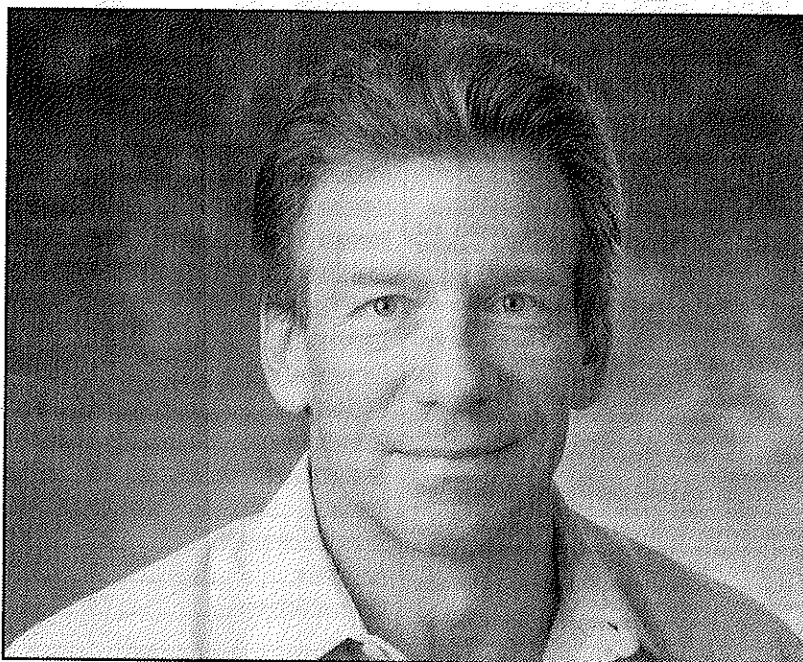
Enterprise Venture Partners had its biggest funding year so far in 2005, raising a total of \$270 million, \$120 million from Enterprise funds. The company also celebrated its 20th anniversary. Although the firm does invest out of state, it has a preference for companies close to its headquarters and preferably in California.

Chief Operating Officer Carl Eibl is confident that the company will continue to grow and puts 2005's growth down to the strength of Southern California, which he categorizes as "a very robust, very rich marketplace for company formation."

"It has very high quality venture capital teams ... high quality entrepreneurs, a fabulous resource base, the legal community and the accounting community is very geared to working with emerging growth companies," he said.

Eibl rejects the idea that Southern California is underserved in its access to venture capital, saying it is "adequately covered."

"The VC funds in the region tend to be early- to mid-stage investors who tend to syndicate with VC firms out of region — so



Carl Eibl, COO of Enterprise Venture Partners, is confident the company will continue to grow due in part to Southern California's robust marketplace.

Enterprise Venture Partners

Business Description: Enterprise Partners Venture Capital focuses on investing in seed and early stage technology companies, primarily in San Diego and Southern California.

Address: 2223 Avenida de la Playa, La Jolla, CA 92013

Web site: www.epvc.com

Phone: (858) 731-0300

E-mail: innovation@epvc.com

Branches: La Jolla, Oceanside

Employees: 54

Year Established: 1985

Partner/Managing Director:

Drew Senyei

Partner/Managing Director:

Bill Stensrud

Partner/Managing Director/COO:

Carl Eibl

Partner/Managing Director:

Bob Conn

Partner/Managing Director/Co-founder:

Jim Berglund

Number of employees: 26

Industries of interest: Life sciences, communications, software, semiconductors, applications in consumer and enterprise markets

Source of capital: Institutional investors

Current fund: Currently investing in companies in its 5th and 6th funds, EPV and EPVI, of \$315 million and \$350 million respectively.

Initial investment range: \$300,000 to \$10 million

Notable portfolio companies: SkyMobile Media, Muse, ReliOn Inc., Espresso Fitness, Complete Genomics

the in-region firms source and lead investments in companies and bring out-of-region firms into the investor syndicates," he explained. "This model brings a lot of capital into the region."

Data from Ernst & Young/Dow Jones VentureOne's 2005 venture capital investment report indicated that \$2.09 billion was invested in Southern California in 2005 in 203 deals, placing it third within the United States behind the San Francisco Bay Area and New England. The five main sectors leading the pack in Southern California were biopharmaceuticals (23 percent), software (15 percent), semiconductors (15 percent), medical devices (13 percent) and communications (11 percent).

Enterprise Venture Partners typically leads the deals it invests in and tends to syndicate with Silicon Valley venture capital firms. It has multiple deal relationships with firms such as **Domain Associates**, which specializes in life science investment, and **Kleiner Perkins Caufield & Byers**, which focuses on technolo-

gy and counts household names such as **Google** (Nasdaq: GOOG) and **Amazon** (Nasdaq: AMZN) in its portfolio.

However, Eibl lauds the advantages of being located in Southern California rather than Silicon Valley and dismisses the idea it is a poor relation. He points to the success of companies like **Qualcomm** (Nasdaq: QCOM), **Broadcom** (Nasdaq: BRCM), **Disney** (NYSE: DIS) and **Universal**, saying: "I think there are unique attributes in Southern California around wireless technology, software and the media expertise that makes this region a unique geography for digital media. Southern California is one of the unique areas on the planet for life science technology."

This analysis could also serve as a description of Enterprise Venture Partner's areas of attention in the search for the technology, business model and people that can create or transform a market. It has a very clear idea of the "disruptive" or market-changing plan it is looking for and is actively involved in the search.

Trends the company is currently interested in include the convergence of IT and life sciences, miniaturization, digital content and virtual companies.

The company receives tens of thousands of business plans each year, of which only about 20 are accepted. Therefore, the company emphasizes personal contact through the wider business network.

"We have found over time that the opportunities that really come to us that fit that profile of being a category leader have come through people that know us. People who can approach us (and) talk to us about the opportunity," Eibl said.

Though successful entrepreneurs come in many shapes and sizes, Eibl does identify one common denominator: "A very deep passion and a very deep insight on precisely why their vision and their technology is going to change the market."

So why should a company come to Enterprise Venture Partners? One thing that Eibl emphasizes is that all of the company's principals have once been in the other side of the chair.

"None of the partners have an MBA, we have all learned through the school of hard knocks, of actually forming companies, building companies, running companies," he said.

As for Enterprise Venture Partner's management style, Eibl turns to a football analogy — of

being a coach not the quarterback. "The management team has to run the company, the entrepreneurs have to build the company," he said, adding, "We don't tell them what to do, we provide input."

Although Enterprise Venture

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Partner's specialty has traditionally been in early stage and seed investment, the company is increasingly investigating re-purposing opportunities. Public attention was drawn to the shift last year when the company bought New York-based **Muse**, a digital media company, the first time the company has acquired an entire company.

This is one of Eibl's areas of specialization and one Enterprise Venture Partner will explore more in the future.

"There are a lot of very good technology bases that are out there that, for whatever reason, didn't do a good job on the first go of taking it to market," Eibl said. "There is an opportunity there to come in and bring fresh capital, a fresh strategy and try again."

This type of investment is also leveraging Eibl's previous experience. As CEO of **Maxwell** (Nasdaq: MXWL), he converted the company from a government services business into a commercial products business, and previously, while CEO at **Stratgene** (Nasdaq: STGN), he guided an emerging company into a large-scale player.

Although Eibl is reluctant to single out any of the company's current portfolio for special attention, noting, "If you ask any of the partners that question you are going to get 'gee these are our children and we love our children,'" he does cite another turnaround, **ReliOne Inc.**, as a company he is particularly proud of. The company was bought from a public utility, directed toward the industrial telecom market and manufactures hydrogen fuel cells designed to provide backup power, particularly in emergencies, such as hurricanes.

"It is a clean technology, much longer run time, very reliable, very scaleable, and it is very gratifying to see the outcome of a strategy that was changed and set by us three years ago now become very relevant and leading the market," he said.

After all, that is the goal of venture capitalism, changing the market.

"Venture capital is a home run business, it is all dependent on hitting home runs," Eibl said with a smile.

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