

Visionaries

~ The YVCS Newsletter ~

UPCOMING EVENTS

September 12, 2002

Todd Dagues

General Partner, **Battery Ventures**

Due Diligence – *Understanding the right and wrong ways to do VC due diligence.*

EVENT DETAILS:

Location:

Credit Suisse First Boston Headquarters
11 Madison Avenue in the Clubroom on level 2b

Time:

Reception/Networking: 5:45 – 6:10PM

Speaker: 6:30 – 7:10

Q&A: 7:10 – 7:30

Price:

General Admission: \$20

Business School Students: \$15

Please Register online at www.yvcs.org

A Word on Our Next Speaker...

**Todd Dagues, General Partner,
Battery Ventures**



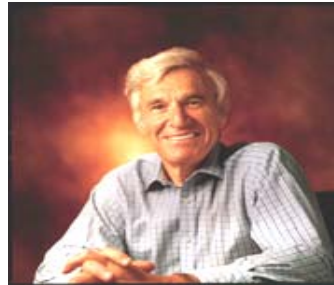
Mr. Dagues' career at Battery, www.battery.com, started in 1996 focusing on the communications space. His skill is proven with investments in Akamai (NASDAQ: AKAM), Arbor Networks. Convergent

Equipe Communications, Predictive Networks, Qtera (acquired by Nortel), Redstone Communications (acquired by Siemens), RiverDelta Networks (acquired by Motorola) and XCOM Technologies (acquired by level 3).

Mr. Dagues compliments his shrewd business sense with and an educational role.

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~An Evening with Alan Patricof



June 13, 2002 sparked the Young Venture Capital Society's inaugural event with **Alan Patricof, Chairman of Apax Partners**, (www.apax.com). One of the true titans in the business and venture capital communities, Mr. Patricof's career spans over 30 years, and more importantly, includes such successes as Apple, America-Online and FORE Svstems

His status in the community attracted over 80 young professionals from the Tri-state area. In addition, many of the preeminent financial and academic institutions were represented, **Goldman Sachs, Morgan Stanley, CSFB, JP Morgan Partners, Sprout, Skadden Arps, Wilson Sonsini** and members of **Harvard, Columbia, Wharton and NYU business schools** made it down to CSFB headquarters to listen to the Mr. Patricof dissect the venture business and the strategies that are important to make it to the upper echelons of a venture fund

After briefly explaining his background, he stated the first important point of the night, the importance of management. It is everything in the deal. So much so, that the successful venture capitalist will invest in people and rework weak products. Re-emphasizing – Mr. Patricof backs PEOPLE.

With humorous anecdotes and descriptive stories he illustrated his second point, the importance of liquidity. Having the correct exit is a key component of the venture capitalist/entrepreneur relationship. Once the cash is transferred, the parties are bound together; "like marriage" therefore, finding the liquidity window is vital. And as we are noticing currently, many venture investors lost sight of this in the market boom, only to be left with weaker companies with no liquidity in sight.

Lastly, Mr. Patricof touched upon some of the qualities and traits that venture capitalists have and that are necessary for would-be enterers to develop. First and foremost, true passion for the business is essential. Next, applicants must have an appreciation for working with people. This is a business centered on working with managements, being a people person is important. Mr. Patricof made a point of emphasizing the importance of continuing education in any form and he specifically mentioned books, constant reading and organization's such as the YVCS are excellent means. Finally, leveraging your academic and career backgrounds into success is critical. It seems like an obvious point, but there is a hidden element of insight. Whether it is financial, entrepreneurial or other, there might be a fit for you in the community if you are cognizant of the true skill sets you have acquired and how those traits can help the fund you are in or the fund you want to be in.

Be a Contributing columnist!

If you have an interest in writing something that could benefit others interested in venture capital send your work to info@yvcs.org

~Todd Dages continued~

He is also an Adjunct Professor at the MIT Sloan School of Management, teaching a course entitled "New Enterprise."

Prior to joining Battery Ventures, Mr. Dages was a Principle and Senior Technology Analyst at Montgomery Securities. There he focused on the networking industry. Before joining Montgomery, he was a Senior Technology Analyst and Vice President at a Division of Smith Barney. Mr. Dages career also includes positions as a Vice President of Communications Research at the Yankee Tek Group and a Business Development Manager for Networking at Digital Equipment Corporation. Mr. Dages holds an MS in economics from Trinity College in Hartford, CT, and an MBA from Boston University.

Current Board Positions:

Akamai Technologies, Inc.

Web content distribution services

Alphion Corporation

Components enabling optical communications

Arbor Networks

Products and services enhancing network performance and security

Cedar Point Communications

Class 5 switch for cable industry

Convergent Networks

Carrier grade voice over IP switching systems

EnvoyWorldWide, Inc.

Enterprise application messaging service

Equipe Communications Corporation

High speed routing and switching equipment

Predictive Networks, Inc.

Personalization and advertising management

Storability, Inc.

Managed storage services for enterprise customers

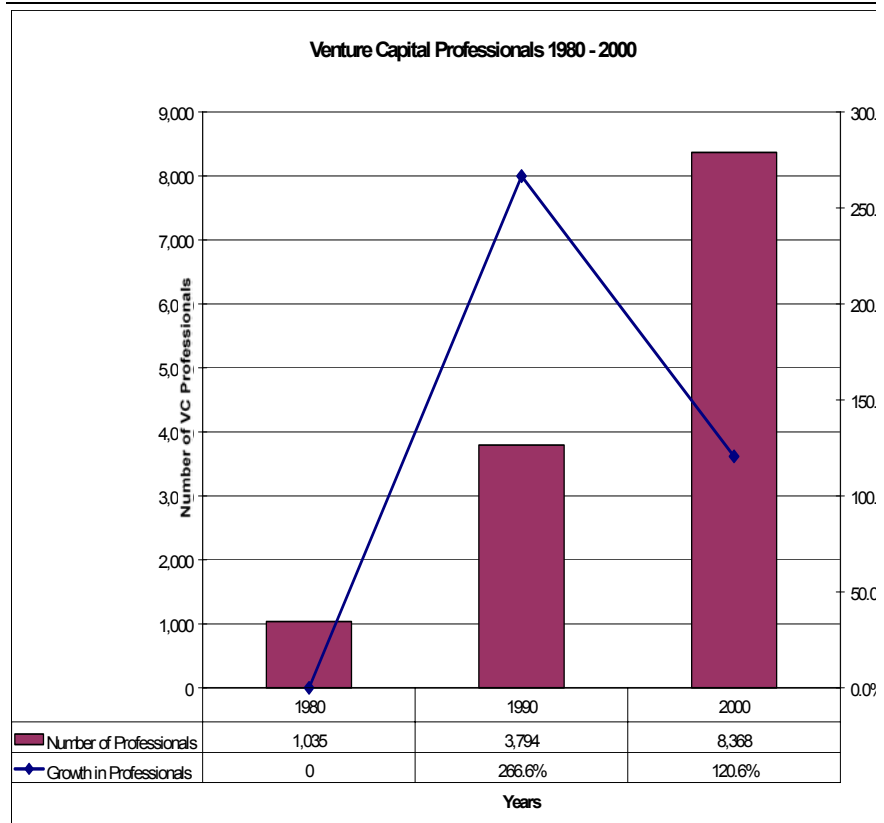
The Young Venture Capital Society's Mission

The **Young Venture Capital Society** is an organization that is focused on **venture capital education for those both in the vc community and those wanting to enter, while remaining affordable**. After last month's kickoff event, the organization is on its way to providing all of those components.

With Venture capital becoming a more recognized and established asset-class, the probability of younger professionals entering the business is high. The growth of total professionals into the venture capital business is over 700% over the last 20 years and a significant percentage of those professionals are at the analyst and associate level (Exhibit 1). Unfortunately, many individuals attracted to the industry are often prohibited for lack of certain skill sets. Regrettably, potential candidates are not equipped with some, or all of, the many tools necessary to be a successful venture capitalist. The YVCS hopes to mitigate the problem by providing a significant educational base from which members can better position themselves to attain positions in the private equity or venture capital arena.

As one of our most important principals, we feel that opening registration to other functional areas such as corporate lawyers, business school students, investment bankers and research associates heightens the networking and potential contacts attendees make. In addition, the types of questions and comments were broadened through this increase in diversity, and it seemed that the large make up of venture capitalists in attendance (close to 50% of overall attendees) enjoyed the variety of conversations. Everyone realized that today's business school student is tomorrow's general partner.

Exhibit 1: Growth in Venture Capital Professionals 1980 - 2000



Source: NVCA Yearbook 2001

In addition to these contacts, the YVCS is aiming to provide the attendees and membership with a firm understanding of what it takes to be successful inside a fund. Some of our future events will focus more on the technical aspects of venture capital. We will analyze the correct ways to perform **due diligence, raise capital, provide insight to managements** and recognize the intricacies of different **exit strategies**.

Hot Off The Press

As many of you might have already discovered, the hot book for venture capital enthusiasts is

Done Deals – by Udayan Gupta

A phenomenal book, compiling interviews with the industry's top players. Ranging from the General Partners at **Benchmark** and **New Enterprise Associates** to some of the older shops like **Venrock** and **Warburg Pincus**. But Gupta does not stop there including the corporate vc side, **Cisco's Michelangelo Volpi**, and the well-known, **John Doerr**. He extracts the important experiences each has had in their careers in vc.

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Hot Off The Press Continued ~

Although some reviewers were disappointed with the book, it does provide a key service to this focused audience. It explains how the great ones got into the business.

All in all, I felt the minimal investment was worth it and provided some insight into the landscape of the venture capital industry and its players.

Venture Capital Magazines~

In the past, Venture Capital magazines were not as prevalent as they are today, and in some cases they are still as unattainable as ever. High quality trade journals can range in the \$1,000s for a year's subscription. **Venture Capital Journal**, is an extremely informative magazine that has thought provoking interviews and lead stories. Unfortunately, their high rates remain out of reach for would-be readers.

Some online wires and newsletters are helpful in feeding information on funding and capital raising, while remaining accessible to most. **VentureWire** is one. They have a professional (more services, more content, more expensive), aspect but they simultaneously offer a free daily email.

VentureReporter (F.K.A Silicon Alley Reporter) is a perceptive magazine that remains observant of key trends and takeaways of the current venture community. It does a high quality job of combining funding, capital raising, interviews, and pressing topics into one publication. In addition, this journal is more readily available and affordable with its \$100 yearly subscription rate.

Lastly, **Beth Healy** out of the **Boston Globe** puts together a weekly piece centering on venture capital in the nation's number two VC hub, Massachusetts. She often has interesting points regarding the venture community as a whole and not only specific to the northeast. In addition, her pieces are succinct and concise.

The YVCS is a constantly evolving organization that looks to its members, attendees and readers for guidance on how to improve.

We welcome all suggestions, comments and questions. Please feel free to contact us at:

info@yvc.org
sponsorship@yvc.org

President's Address - VC 2002, A day at the Helm

Most recently, my activities at the YVCS have been three-fold, 1) Creating compelling programming for the membership base, 2) Attracting additional sponsors and supporters, and 3) Generating awareness for the organization as a whole. However, my position as the figurehead granted me the opportunity to MC the inaugural event for **VC2002 Conference** in Tyson's Corner, Virginia on July 11th.

The event's focus was quite complimentary to the YVCS mission of venture capital education for younger professionals in and around the venture capital community. With keynote speakers such as **Mark Heesen**, General Partner at **New Enterprise Associates** and also the President of the **National Venture Capital Association**, **Ed Mathias**, Managing Director at the **Carlyle Group** and **Jason McCabe Calacanis**, CEO of **VentureReporter**, the crowd was eager to glean some insight into what top professionals view as important in being able to succeed in this industry.

Some of the most important points involved the understanding of the young professionals role and place within the organization. It seemed that General Partners wanted the Associates and Principles to realize when and how they should put **points on the board**. Coming in as an associate you are not expected to raise capital, generate significant deal flow and provide investments to the fund that will be profitable. However, many individuals lose sight of that. The key is to be a team player, with the understanding that you need to have you're "A" game each and everyday and eventually you will be expected and afforded the opportunity to put points on the board with capital and deal flow. It is a more subtle point, but one that has cost individuals their jobs essentially by trying to do too much at a lower level.

TOP LINKS

National Venture Capital Association	http://www.nvca.com
PriceWaterhouseCoopers	http://www.pwcmoneytree.com http://www.pwcvc.com
VentureReporter	http://venturereporter.net
Private Equity.com	http://www.privateequity.com/
VentureWire	http://alert.venturewire.com http://people.venturewire.com
Boston Globe	http://digitalmass.boston.com
Red Herring	http://www.redherring.com/vc
Harvard	http://www.library.hbs.edu
Stanford	http://www.gsb.stanford.edu/ces
MIT	http://libraries.mit.edu
Kauffman Fellows Program	http://www.kauffmanfellows.org

- 1) Let us know what you are thinking about the events, the organization etc
- 2) What do you think of "Visionaries?"
- 3) Get involved!

info@yvc.org