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Dear *AVCJ* Subscriber:

Fifteen years have passed since the first issue of the *Asian Venture Capital* appeared in January 1988. Over that time, we have moved from a bimonthly to a monthly, from print to Internet delivery. The annual *Asian Venture Forum* is now the *Global Asian Venture Forum*, with venues on 3—soon to be 4—continents, and 8 cities around the world. The Asian private equity community has grown as well. The total capital pool of \$9.9 billion in 1988 has surged to \$92 billion in 2003. There were 211 entries in our 1988 *Guide to Venture Capital in Asia*. By 2002, that number had reached 1,600 listings.

To meet the needs of this dynamic market, *AVCJ* will reach another milestone on September 1, 2003: we will begin weekly delivery. Every Monday morning (with the exception of Chinese New Year, Christmas and two other weeks), subscribers can count on receiving up-to-the-minute news as well as our standard features: *Movers & Shakers*, *Asia-Silicon Valley Currents*, *Regional News* and other special reports. Other sections including *Comment* and *The Private Equity Data File* will appear regularly during the month.

We will also adopt the innovative QuVu © onscreen delivery format, offered exclusively through Qmags.com, "*The World's Newsstand*."

The August 2003 issue will be the last monthly edition you will receive. Those receiving *AVCJ* in electronic format will notice no change: your weekly editions will be delivered via e-mail. Print subscribers will receive their copies both electronically and by postal delivery. There will be no increase in the current subscription rate for any of our subscribers.

We appreciate your support over the past 15 years, and look forward to the continued growth and success of our industry in the years ahead.

Sincerely,

Dan Schwartz
Publisher

www.AsianFN.com



The Valley's summer blues

Saudi princes, "Valley-speak" and a brighter Q2

How bad is the climate for fund raising in Silicon Valley? Maybe not so bad if you have connections to a Saudi prince. At a recent Churchill Club event, Brad Peebler, President/co-founder of a 3-D visual graphics company called Luxology, said he's meeting with a Saudi prince soon through some connections he made with his Malaysian distributor. "It's all been pretty secretive so far," Peebler confessed, noting that the distributor refers to the Saudi investor simply as "my friend."

The company has been funded internally so far but is now going outside to raise a couple of million dollars. "This may be the last that we see of Peebler," joked Guy Kawasaki, moderator of the panel discussion, "State of the Start."

Peebler is not the only one scouring the Middle East for funds. Some Asia-connected execs who prefer not to be identified, told *AVCJ* that one of their colleagues had just returned from an overnight trip to Abu Dhabi where he was in search of funds.



Guy Kawasaki

"Valley-speak"

Veteran software engineers in the Valley have coined a new term for Highway 280, that north-south artery that crisscrosses the Santa Cruz mountain as it wends past the capital of venture capital, Sand Hill Road. They now call it "Do-80", a reference to the thin traffic conditions on this highway, which was starting to get clogged during the dotcom days. This comes courtesy of Scott Weiss, CEO and founder of IronPort Systems, who employs several engineers who design email services at his company. Weiss, by the way, was one of the early team members at Hotmail.

The quote of the month goes to Weiss who heads up IronPort Systems, which he dubbed "the aorta of email." Weiss, who was responsible for generating revenue from business partners during Hotmail's early days, was reminiscing about working with founder Sabeer Bhatia. Speaking of Bhatia, Weiss said, "Back then he was a bespectacled engineer sitting at his keyboard and not the guy he is today, judging Miss India contests."

"Pain points aplenty"

A new business term making the rounds in the Valley is "pain points," which is quickly becoming part of "Valley-speak." Accepted usage: to describe problems or challenges that need to be overcome in specific markets - hence potential business opportunities.

What's an interview worth - give or take \$2 billion?

The ever-quotable Kawasaki was asked at the recent Churchill Club event about rumors that he turned down the CEO job at then startup Yahoo. Kawasaki put part of the rumor to rest by saying that he turned down the chance to interview for the job at Yahoo. Kawasaki was a young father at the time living in San Francisco and didn't want to have to commute to Silicon Valley, two hours every day. "I imagine that decision cost me about \$2 billion," Kawasaki related. "I can rationalize the first \$1 billion by saying that I was a loving and devoted father. But the second \$1 billion is what really pisses me off."

Skiing among the silicon chips

Yet another Valley entrepreneur has entered the "best idea for new business" contest. He wants to build and license ski-boarding resorts in the Valley using a compound he's discovered that makes artificial ice and snow. "If you've seen the traffic headed to Tahoe from the Bay Area on weekends, you can see the need for it," said the fellow, Arthur Zwern, who's currently president of a visual software outfit, Geometrix.

Red Herring redux

In another surreal development, *Red Herring* is preparing a comeback. Alex Vieux, who heads a research and conference outfit called Dasar, has lined up financing and purchased the assets of the magazine, a victim of the dotcom bust. Not sure yet how Red Herring will fare in the much different environment of today.

However, one more signal has surfaced that the worst of the downturn is over and more upbeat times are here again. Indeed, a look at the numbers from the National Venture Capital Association shows that not only is the mood looking up, but so is fund-raising and investment activity during the second quarter. □



REBECCA FANNIN, is *AVCJ*'s International Editor and covers a variety of subjects including Asian-Silicon Valley issues. She is a veteran observer of the Asian private equity industry and technology-related subjects, having covered similar topics for *Red Herring* and *M&A Asia*. She can be reached at Rebecca@asianfn.com.