



FUND PROFILE

Alta Partners finds cure for IT sniffles

PROFILE ALTA PARTNERS

www.altapartners.com

Founded: 1996

Headquarters: San Francisco

Fund name: Alta Partners VIII

Fund size: \$500M

Fund target: \$425M

LPs: NA

LPs from previous funds:

Adams Street Partners, CalPERS, Commonfund Capital Venture Partners, Employee Retirement Income Plan Trust of Minnesota, Mellon Trust of New England, Rhode Island pension system, Teachers Insurance and Annuity Association of America.

Management:

Managing Directors Farah Champs, Dan Janney and Guy Paul Nohra. Directors Alison de Bord, Ed Hurwitz, David Mack and Ed Penhoet.

Focus: Alta expects to invest 80% of its capital in drug discovery and biotherapeutic companies and 20% in medical device makers.

History:

Founded by Jean Deleage, Garrett Gruener, Guy Nohra and Marino Polestra, all of whom were senior partners of Burr, Egan, Deleage & Co., an early VC firm that made early stage investments in life sciences and IT.

By Lawrence Aragon

Editor-in-Chief

At a time when its peers are questioning the viability of traditional information technology investing, Alta Partners finds itself in the "serendipitous" position of focusing on life sciences.

The San Francisco-based firm held a final close on \$500 million in October for its eighth venture fund, which will invest in drug discovery, biotherapeutics and medical device companies.

Alta started out in 1996 with a dual focus on life sciences and IT. Its decision a few years ago to start transitioning out of IT makes the firm look prescient today, but co-founder Guy Nohra says: "I wish we were that smart. It's serendipitous in a lot of ways."

Nohra has seen enough cycles to know that no one can be certain what's going to happen next. "Around 1996, there was a little bit of the same noise about IT—people were frustrated with returns and wondering if the market was sustainable. Then 1997 comes along," with the best overall returns in the history of the venture business.

Not cocky

So, even though Alta looks perfectly positioned right now, Nohra isn't taking anything for granted. "It feels like we're in the right spot, but if you feel you're



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Guy Nohra
Co-Founder/Managing Director
Alta Partners

in the right spot you should be asking a lot of questions," he quips.

For its new fund, Alta plans to invest about 80% of its capital in drug discovery and biotherapeutic companies and the rest in medical device makers. Its average investment will be \$20 million to \$25 million over the life of each company. The focus will be split evenly between early and late stage deals, although 60% is expected to go

to late stage deals, which are more capital intensive.

Alta Partners VIII not only beat its target by \$75 million, but it also found enough interest to raise \$1 billion, says Dan Janney, one of three managing directors at the firm, along with Nohra and Farah Champs.

The firm started fund-raising in March and quickly held a first close on \$440 million, with most of that money coming from previous backers. It selectively added \$60 million from new LPs—family offices, endowments and financial players.

Janney declined to name the LPs, but investors in previous Alta funds include Adams Street Partners, CalPERS (the California Public Employees' Retirement System), Commonfund Capital Venture Partners, the Employee Retirement Income Plan Trust of Minnesota, Mellon Trust of New England, the Rhode Island pension system, and the Teachers Insurance and Annuity Association of America, according to Thomson Financial (publisher of VCJ).

The lineup

The new fund features a slight change in the lineup from Alta's two previous funds—Alta BioPharma Partners III, a \$300 million late stage fund raised in 2004, and ACP IV, a \$180 million early stage fund raised in 2004. Two



general partners from those prior funds aren't part of fund VIII. Jean Deleage, one of the firm's four co-founders, and Alix Marduel, who has been with the firm since 1997, continue to be associated with Alta, but they won't make new investments from fund VIII.

Deleage now goes by the title Founding Partner and remains

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"active and available to us," Janney says. Marduel will continue to manage her current investments, but she will not make new investments from the new fund, electing to spend more time with her family.

Besides Champsi, Janney and Nohra, fund VIII's investment team is made up of Directors Alison de Bord, Ed Hurwitz, David Mack and Ed Penhoet.

De Bord, who joined Alta in 2001, was promoted from principal to director as part of the new fund. "Alison has done a terrific job at identifying late stage medical device opportunities and some nice drug development opportunities," Janney says.

De Bord has already had two successful investments and has a third on deck. She was responsible for a PIPE for Esperion Therapeutics, a heart disease drug maker that was bought by Pfizer for \$1.3 billion in 2003. She also led a second-round investment in medical device maker Kerberos Proximal Solutions Inc., which sold to FoxHollow Technologies

(Nasdaq: FOXH) in August. (FoxHollow paid \$32 million for the company, \$13 million of it in stock, and it will make earn out payments in the second and third years after the sale.)

De Bord could see a third hit next year: She is credited with Alta's investment in Insulet Corp., a disposable insulin pump maker that is expected to go public next year. Insulet's backers are heartened by the fact that Johnson & Johnson paid \$518 million for insulin pump maker Animas Corp. in December 2005. Insulet, a 6-year-old company based in Bedford, Mass., has raised \$120 million in total venture backing, including a \$50 million Series E in February from Alta, Pequot Capital, Prism Venture Partners, Versant Ventures and several others. VCJ

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