

What Drives Venture Capital?

A Perspective from Both Sides of the Table

Paul Vroomen, PhD

Entrepreneur, Venture Capitalist, UCSC Alumnus

Abstract:

Entrepreneurs and venture capitalists can form spectacularly successful partnerships, or they can disagree bitterly, virtually assuring failure for both. VCs are driven by demands that, if understood by entrepreneurs, can improve the likelihood of mutual success substantially. This presentation explores the primary factors that influence decision making at a venture capital firm and identifies the metrics that venture capitalists apply to select potentially interesting companies from the many hundreds that a tier 1 venture firm reviews annually.

Additionally, a case study of a start-up company in the semiconductor industry will be discussed using the company presentation that resulted in successfully raising an additional \$15M equity financing. The case study will enable illustration of how the metrics applied by venture capital firms were addressed in the presentation.

Finally, the JOBS Act, which was passed by Congress in early 2012, will be reviewed in terms of its impact on the venture capital industry.

About the Speaker:

Paul Vroomen was educated in South Africa and the Netherlands and started his career as a chip designer for spread spectrum radio communications chips. After 7 years as a design engineer, he moved into marketing and product management, ultimately becoming Vice President/General Manager of the Computer Peripheral Business Unit at Zilog, Inc., followed by VP/GM of the Digital Entertainment Business Unit at VLSI Technology, Inc. and then Group President/GM of the Consumer Division of Oak Technology, Inc. All three were public companies with shares traded on NASDAQ.

In 1999 Paul took on the role of President/CEO of his first venture funded start-up, SandCraft, Inc. a fabless semiconductor company that he re-positioned in the network communications market and where he raised \$43M in the C round of venture funding. After Sandcraft was acquired, Paul became President /CEO of Connex Technology, Inc., which he re-positioned as a supplier of HDTV image processing chips. After Connex, Paul joined the investment team at Tallwood Venture Capital, one of the largest pure play semiconductor Venture Capital Funds in Silicon Valley. There he led the Tallwood investment in Sandbridge Technologies, Inc., a fabless semiconductor company in the mobile phone market. Paul became President/CEO of Sandbridge, which was successfully acquired in 2010.

Paul recently earned his PhD in Technology & Information Management from the School of Engineering at UCSC. He is currently focusing on research that can be directly applied in his next start-up.

Next week:

Ben Rus, Cisco, "Project Management at Cisco"