

# VC funding pace in N.H. continues to slow

*Editor's note: Beginning with this issue, New Hampshire Business Review will present a review of quarterly venture investing trends for companies located in the state. The research and analysis for this information has been provided by Howard Smith of Chartworth, an investment banking firm with offices in Manchester and Portsmouth.*

While nationally, venture activity rose slightly in 2004 — after three straight years of decline — in New Hampshire, the rate of venture investing has fallen every year since 2000.

Investments were heavily concentrated in information technology with communication and electronics companies leading the way. Companies in Massachusetts received approximately 83 percent of all the venture capital funding in New England in 2004, and the Granite State ranked second.

Entrepreneurs seeking start-up funding should plan on finding a business angel, since venture capitalists continue to favor later-stage companies.

In fact, only one company in New Hampshire received seed VC funding in 2004 – Manchester-based Vette. Five companies received first-round funding in 2004, vs. 11 companies receiving second and later-stage or restart financing.

Among the five companies that received first-round financing were: Source IQ of Portsmouth, Magenta Medical of Hanover, Newforma of Bedford and Vette, which raised a total of \$24 million in 2004 in a combination of seed, first- and second-round fundings.

Three other companies received more than \$15 million in 2004 — Cedar Point Communications (\$20 million), EqualLogic (\$20 million), and Xan3D Technologies (\$15.2 million). **NHR**

