

VENTUREWIRE**As Bay Area Investment Shifts North, Institutional Venture Partners Opens San Francisco Office***Russ Garland**February 27, 2014*

Institutional Venture Partners, which traces some of its roots to San Francisco, is opening a new office in the city, reflecting growing venture investment there compared to the nearby venture capital mecca of Silicon Valley.

The satellite office on Front Street places the later-stage venture investor closer to some of its top portfolio companies, including **Dropbox Inc.**, Twitter Inc. and **Indiegogo Inc.** A dozen of its more than 50 active investments are in San Francisco.

The firm is keeping its main office on Sand Hill Road in Menlo Park, the epicenter of venture capital, where the firm will continue to hold its regular Monday sessions with all six general partners.

"It's not replacing Silicon Valley, but it's an additive, important venture capital location," General Partner Jules Maltz said of San Francisco. Mr. Maltz will have his primary office in the city along with General Partner Dennis Phelps.

The firm wants to be closer to all of the fast-growing consumer, Internet and mobile startups and the young, urban-focused entrepreneurs who lead them, he said.

"We felt it's important that we don't tell an entrepreneur to drive an hour to meet us," Mr. Maltz said.

Venture capital investment in San Francisco versus Silicon Valley has been steadily increasing during the last decade, with the number of San Francisco deals rising to equal 74% of the Silicon Valley total last year, according to Dow Jones VentureSource, a database owned by VentureWire publisher **Dow Jones & Co.**

There were 423 financings last year raised by San Francisco-based venture-backed companies, compared to 61 in 2003.

Those San Francisco financings last year totalled \$4.58 billion, which was 65% as much as the \$7.04 billion raised by Silicon Valley companies. In 2003, San Francisco companies raised just \$339 million compared with \$5.1 billion raised in Silicon Valley, which VentureSource defined as Santa Clara and San Mateo Counties.

Still, most big venture firms remain clustered in Palo Alto or Menlo Park in Silicon Valley, unlike in Massachusetts, where many VCs have decamped from suburban Waltham to Boston or Cambridge, across the Charles River.

Sigma West and **Industry Ventures** are among the firms based in San Francisco, and more firms have satellite offices there, including **Kleiner Perkins Caufield & Byers**.

Pennsylvania-based **First Round Capital** chose San Francisco when it opened its West Coast office and Palo Alto-based **True Ventures** has a major presence in the city. **Benchmark Capital** opened a large office near Twitter last year. Europe-based **Index Ventures** has its only U.S. office in San Francisco.

With a **\$1 billion new fund**, its 14th, **Institutional Venture Partners** is one of the biggest players in the venture business, backing companies that are poised to go public or be acquired. It doesn't do seed or early-stage investing but tries to finance private technology companies while there is still time to cash in on their rapid growth. It looks for companies with more than \$10 million in annual revenue and writes checks of \$10 million to \$100 million.

The firm maintained a small office in San Francisco until 2010 when it moved it to Mill Valley, north of the city, a location that the firm will keep. Unlike those operations, its new digs will be "a very large and important office," Mr. Maltz said.

--Additional reporting by Lizette Chapman

<http://www.ivp.com/>

Write to Russ Garland at russell.garland@wsj.com. Follow him on Twitter @RussGarland

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