

Women seek bigger role in tech startups, funding

Boldcap Ventures opens doors in male-dominated industry; choices bearing fruit

By Anita Jain

Alan Patricof discusses women in Tech Businesses

When Shoba Purushothaman began raising funds for her startup, The NewsMarket Inc., investors directed questions to her male co-founder, even though she was the chief executive.

"I would answer the question, but they would direct the next question to him again," she says. "The venture community is very male-dominated, and they weren't quite sure how to react to a woman CEO."

Four years later, tech remains a male-dominated industry, despite the high profiles of female chief executives such as Carly Fiorina of Hewlett-Packard and Meg Whitman of eBay, and the early success of Candice Carpenter, who launched iVillage during the Internet boom. Female executives for the most part fall below the C level-CEO, CFO and CIO-at tech companies. They are even harder to find in high-tech startups, either as entrepreneurs or as investment professionals at the venture capital firms that fund them.

Manhattan's Boldcap Ventures, a \$5 million venture capital fund backed by 40 female investors, is trying to improve that picture. Former USA Networks Chairman Kay Koplovitz launched Boldcap four years ago to give women a more active role in wealth creation.

Boldcap generally invests in early- to midstage companies. The fund helped NewsMarket, a Web-based video clip service for broadcast news media, raise \$4 million this year in its second round of funding.

Four of the five companies in Boldcap's portfolio are led by women, including Boston's Guardent Inc., which develops security software, and Precision Treatments Inc., a Pittsburgh company that uses live tumor cells to develop cancer treatments.

New vision

"I wanted to see women on both sides of the aisle, both looking for money and providing money," says Ms. Koplovitz. "I wanted to see women have equity in companies."

Her determination comes from learning a lesson the hard way. After founding USA Networks and building it into a top cable network, Ms. Koplovitz--who had no equity in the company when it was sold to Barry Diller for \$4.5 billion in the late 1990s--was pushed out.

The fund's picks are already bearing fruit for investors. Guardent, in which Boldcap invested \$400,000, was sold to Mountain View, Calif.-based Verisign Inc. earlier this year for \$135 million.

Fund manager Amy Wildstein says Boldcap expects to make two more investments by the end of the year and is considering two women-led Connecticut companies, one that places advertising in retail environments and another that develops disaster recovery software.

With just \$5 million in funds, Boldcap often hooks up with larger firms to help its companies raise cash. Apax Partners, which has \$12 billion under management, provided the bulk of NewsMarket's \$4 million in financing this year.

Apax founder Alan Patricof says he is seeing more women starting tech businesses than he did a few years ago. "It's more of an equal playing field," he says.

Ms. Wildstein says she also notices an increase in the number of female tech entrepreneurs, now that the boom-and-bust cycle has played itself out. "People are getting back to the basics of building a business," she says. "In the bubble, women may have been less comfortable with raising large amounts of cash and quickly ramping up a business."

Even so, NewsMarket's Ms. Purushothaman says, the financing industry needs to provide more support to female entrepreneurs. Currently, women have better luck landing financing for more traditional businesses, such as day care centers and catering services. These enterprises usually have revenues of less than \$100,000 and fewer than 10 employees.

"You're penalized for having big dreams," says Ms. Purushothaman. "The lifeblood of technology is access to capital."

Early hurdles

Some of the stumbling blocks are ingrained. Women are less likely to have science and math backgrounds, making them less prone to dabble in technology. And women have yet to make major inroads in the venture capital field, despite breaking barriers in other areas of high finance, such as investment banking, corporate law and consulting, where there are more established recruiting routes.

Currently, fewer than 10% of venture capital professionals in the country are women, according to Private Equity Analyst, a newsletter. That means fewer networking opportunities for female entrepreneurs.

"There's an infrastructure for hiring in banks and law firms," says Nisha Atre, a vice president of Mellon Ventures and the only woman among 18 venture capital professionals in her firm.

Venture capital firms find many of their deals through contacts, underscoring the importance of networking. Boldcap Ventures hopes to bring more of these opportunities to women. "It's all about getting women into a network," says Ms. Koplovitz. "A lot of the deal flow comes through the women who have invested in the fund."