

Boldcap defies VC gender gap

by David Shabelman

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To say that the venture capital business is dominated by men is an understatement.

Some 60-odd years since the industry began as a way to invest the money of wealthy families such as the Rockefellers and the Whitneys, few women have pierced the male-dominated network.

But a handful is emerging. Among them is Kay Koplovitz, the founder of USA Networks and first female network president in television history. Koplovitz, who leads an all-woman investor group based in New York known as Boldcap Ventures, has so far raised \$5 million for early- to mid-stage deals.

That's a tiny fraction of the size of established funds and less than the \$6 million to \$10 million the group targeted when it set out to raise the fund in increments of \$100,000 or more in 2001. It has 40 investors so far.

Nonetheless, Boldcap is doing deals, three of them to date: \$200,000 in AgraQuest Inc., a developer of natural pesticides based in Davis, Calif.; \$300,000 in Precision Therapeutics Inc., a Pittsburgh company that uses live tumor cells to develop cancer treatments; and \$400,000 in Guardent Inc., a managed security and consulting firm in Boston.

Boldcap, originally called Angels4Equity, is not the only female venture capital group, but the numbers are small. Well under 10% of the nation's 5,600 partners at venture capital and buyout firms in the U.S. are women, according to Private Equity Analyst. If associates, who do not direct investments, are removed from the tally, the number is still smaller.

Among the most renowned is Ann Winblad of Silicon Valley's Hummer Winblad Venture Partners. Other less well-known are Boston-based Axxon Capital, which targets women and minority businesses; Washington, D.C.-based Women's Growth Capital Fund, which has \$30 million under management; and Isabella Capital LLC of Cincinnati, which bills itself as the "New Girl Network."

Although two of Boldcap's portfolio companies have female CEOs, it is not limited to investing in companies run by women or with women in key management positions, said Amy Wildstein, Boldcap fund manager. Lacking that, however, Boldcap may encourage the company to bring a woman to its board or management team.

"We love to back women, and a lot of the companies we will invest in will have women in the management team," Wildstein said. "It's not necessarily a criteria, but the way we're hoping to enhance the visibility and economic power of women is creating wealth for our investors and exposing them to private equity."

Koplovitz said her fund was a natural progression from Springboard 2000, a forum she created to help match women entrepreneurs with investment capital. The initiative has resulted in more than \$600 million of investment funding for women-owned businesses, she said.

"When I was meeting with people for Springboard it occurred to me that there are high-net-worth women who would like to be investors in early-stage companies," said Koplovitz, whose fund name stemmed from her new book, *Bold Women, Big Ideas: Learning to Play the High-Risk Entrepreneurial Game*.

"But it's a daunting task to do it by themselves, and most people wouldn't know how to go about it unless they came from a venture capital business to start with," she added. "I wanted to see women have more of an opportunity to learn what this kind of investment would mean for them."

Boldcap backers are some of the top female businesswomen in the New York area, who get together every quarter over dinner to listen to ideas and plan strategy.

With input from its partners, investment decisions are made by Koplovitz, Wildstein and Penny Zuckerwise. Wildstein previously worked with the private equity group of Morgan Stanley, while Zuckerwise is an 18-year veteran in the financial world, including a position as CEO of Chancellor LGT Asset Management.

Among the group's higher-profile investors are Heidi Miller, former CFO at Citigroup and current CFO at BankOne Corp.; Alexandra Lebenthal, president of Lebenthal & Co., a bond brokerage firm; and Geraldine Laybourne, founder and CEO of Oxygen Media.

Though Boldcap may have a female bias in its decision-making process, its goal is still to make as much money as possible for investors. "We expect to be judged by the performance of our fund, not because we're women," Koplovitz said, adding that it aims to return three to five times investor capital.

She added that Boldcap is beginning to work the way she envisioned, and that the women involved are getting good experience in a different area of investing.

"The whole premise is built on human capital — it's who you know, who you can get access to, what kinds of resources you have," Koplovitz said. "This is not new territory we're carving out here, but it's very new for women. Women haven't been in that game, and I wanted to get women up on the playing field as investors."