

TVC Capital Wraps Up Second Software-Focused Fund

LBO Wire

Hillary Canada

September 12, 2012

(c) 2012 Dow Jones & Company, Inc.

Software-focused growth equity shop **TVC Capital LLC** is betting that good things come in small packages, and the firm's limited partners appear to agree.

The firm closed on \$75 million for its second fund, TVC Capital II LP - more than double the \$35 million which the San Diego-based shop raised in 2007 for TVC Capital LP.

TVC launched as a west-of-the-Rockies software investment firm, but burgeoning opportunities in other parts of the U.S. has given the firm a national scope, said Co-Founder Jeb Spencer .

Mr. Spencer said the firm looks to capitalize on niche software companies that it can grow from annual revenues of between \$2.5 million and \$10 million up to revenues o betweenf \$30 million and \$100 million, before selling to a strategic buyer.

"These companies are often overlooked because they're nichey," Mr. Spencer said. "They're not likely to be the next **Zynga Inc** . or **LinkedIn Corp** ., they may get up to \$50 million or \$100 million, but they're unlikely to have [a] \$1 billion market cap."

Thus the companies often fall under the radar of other private equity firms, which look for software businesses generating greater revenue.

Spencer said TVC has done ten deals to date, and racked up five exits. That includes two in 2011: the sale of **Accordent Technologies Inc** ., a provider of media presentation software, to **Polycom Inc** . and the sale of **Del Mar Datatrac** , a provider of loan automation software, to **Ellie Mae Inc** .

The firm typically commits between \$5 million and \$7 million of equity per deal, he said.

Mr. Spencer and Steven Hamerslag co-founded TVC Capital in 2006 after managing a 1999-vintage portfolio of investments for **Relational Investors LLC** .

Write to Hillary Canada at hillary.canada@dowjones.com

Document DJFLBO0020120912e89cki7nr



Copyright 2012 Dow Jones & Company, All rights reserved. Copying & redistribution prohibited without permission of the publisher.