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**ADVANTAGE**

**CAPITAL**

**PARTNERS**

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**Welcome**

Welcome to Advantage Capital Partners' electronic newsletter for July. We think you and other opinion leaders in business, finance, government, economic development and higher education will find these topics informative.

**News from Advantage**

**Advantage Capital named one of *Entrepreneur's* top 100 venture capital firms**

*Entrepreneur* magazine has recognized Advantage Capital among the nation's top venture capital firms for entrepreneurs. The list of 100 firms, published in the magazine's July issue with additional material on the web site, was based on the number of first-time fundings in 2005 to companies in the startup and early stages of development. The web site's list of top 100 firms for later-stage companies also included Advantage.

The recognition reflects Advantage's long-standing commitment to investing in promising small companies, said Steven T. Stull, president of the firm. "Entrepreneurs and small businesses are key drivers of economic growth and technology development for the nation as well as for their local communities," Stull said. "We are proud of the visionary early-stage companies we've invested in over the years, many of which have matured into leading companies in their respective industries."

Citing reports and data from the Moneytree Report from PriceWaterhouseCoopers, the National Venture Capital Association (NVCA) and Thompson Financial, the magazine noted that 608 startup and early stage companies received first-time VC funding of about \$2.9 billion, an average of \$4.8 million per company. While those figures represent four-year highs for startups and early stage companies, most of the venture capital invested in 2005 - \$16.4 billion - went to more established companies to help secure additional growth. In all, venture capitalists invested \$21.7 billion in emerging companies last year.

**News about Advantage Investments**

### **Louisiana's Turbo Squid recognized as Innovator of the Year**

*New Orleans City Business* gave locally based Turbo Squid the highest recognition among its 2006 class of Innovators of the Year in the publication's June 26 issue. Giving the company its Gold Award as the top Innovator company, *City Business* cited Turbo Squid's rapid growth over its six years of existence with such blue-chip national clients as Electronic Arts, Pixar and The New York Times.

Founded in 2000 by brothers Matt and Andy Wisdom, Turbo Squid began by developing three-dimensional animation; Advantage invested in Turbo Squid in 2001 in connection with Louisiana's Certified Capital Companies program. Over time the company created a worldwide marketplace for the promotion and sale of 3D and 2D software. Today it offers the world's largest library of available 3D products. Although company employees scattered briefly in the wake of Hurricane Katrina, Turbo Squid remained fully operational and remains committed to New Orleans.

"Like most other businesses, we're hoping for a safe hurricane season so that other members of the digital media industry will feel comfortable relocating to our city," Matt Wisdom told the publication. "We are staying and want to bring others here." Learn more about the award [here](#).

### **NextAction's Karl Friedman among Colorado's 2006 Entrepreneurs of the Year**

Karl Friedman, president and founder of NextAction in Westminster, Colo., was named one of the Rocky Mountain Region winners of Ernst & Young's 2006 Entrepreneur of the Year award. Friedman's company, in which Advantage invested in 2002, uses state-of-the-art statistical modeling and database technology to provide lists of prospective customers to the retail catalog industry.

"It's a thrill to receive such a prestigious award because it recognizes a true team effort," Friedman said. Mark Siegel of Ernst & Young noted that the award "honors those entrepreneurs who have inspired others with their leadership and achievement."

NextAction integrates product-level marketing data for more than 100 million households and applies proprietary statistical models, algorithms and technology combined with demographic data to serve the marketing needs of the nation's catalog, internet and multi-channel retailers. For more on Friedman's recognition, go [here](#).

### **Texas oilfield services company raises \$5 million in funding**

Advantage Capital was among several investors in First American Vacuum Services, an oil and gas field services company in Beeville, Texas. The company raised a \$5 million round of financing from Advantage, Accent Capital, Aegis Texas Venture Fund and Stonehenge Capital, all of whom invested in connection with Texas' Certified Capital Companies program. Funds will be used as working capital to assure Texas ownership of Bee County's largest private-sector employer and purchase new transportation equipment.

Formed in 2004, First American provides fluid handling services to oil and gas wells. "Demand for natural gas is strong and South Texas continues to be an important area for exploration and production," said Mike Barnes, the company's president and general manager. Read more about First American Vacuum Services [here](#).

### **New York's Kionix introduces one of world's smallest sensors**

Kionix of Ithaca, N.Y., has developed a microscopic sensor to protect hard disk drives from damage due to drops. The new KXPS5 sensor, just 0.9 millimeters thick, is incorporated directly into the hard disk drive of mobile electronic devices such as cell phones. Measuring acceleration, which occurs when the device is dropped, the sensor triggers a mechanism on the hard disk that prevents damage from impact.

Inertial sensor innovations developed by Kionix, such as the KXPS5 sensor, are used in a wide range of applications including computer and video gaming, global positioning systems, sports diagnostics and vehicle stability, among others. "The KXPS5 family of products was specifically engineered to have a very small form factor so that they can be incorporated directly into the hard disk drive," said Gregory Galvin, president and chief executive officer of Kionix.

The company pioneered its technology based on research originally conducted at Cornell University. Advantage, investing in 2003 in connection with New York's Certified Capital Companies program, is among several venture firms that have funded Kionix' growth. Read more about this latest sensor leading notebook PC producer [here](#).

#### **AuthenTec partners with ASUS on fingerprint sensor security for notebook PCs**

[AuthenTec's](#) EntrePad 1610 sensor, utilizing the company's patented TruePrint technology to provide the highest quality fingerprint imaging and matching, has been integrated into two new notebook computers manufactured by ASUS. With this development, ASUS has become the first manufacturer to introduce multiple computers, including the F2 notebook PC and the R2H Ultra-Mobile PC, using AuthenTec's new EntrePad 1610.

"We selected AuthenTec's EntrePad 1610 because it represents the most trusted security in the smallest solution on the market," said David Kao, ASUS' global notebook manager. Read more about the new ASUS notebooks [here](#).

AuthenTec, based in Melbourne, Fla., also was recently mentioned in *The Kansas City Star* as part of a report on how biometrics could be making shopping easier. Fingerprint security scanners, such as those developed by the company, are already in place at area stores to identify check-cashers. Other stores will begin testing the scanners in their checkout lanes, a trend that has begun to take off in other parts of the country.

Advantage first invested in AuthenTec in 1999 as part of Florida's Certified Capital Companies program.

#### **Hawaii Biotech plans trials for West Nile vaccine**

[Hawaii Biotech](#), a biopharmaceutical company focused on vaccine research and development, intends to start human clinical trials for a West Nile virus vaccine during the first half of 2007, pending authorization from the U.S. Food and Drug Administration, the company's chief executive told the Associated Press. West Nile virus, transmitted by mosquitoes, can cause serious illnesses in humans, animals and birds.

The company also is developing vaccines for dengue fever and influenza, with the dengue fever vaccine slated to begin human clinical trials later next year.

Hawaii Biotech's vaccine development platform is based on production of proprietary antigens (proteins) that can prompt immune responses equivalent to or better than traditional live or inactivated viral vaccines - with a significantly improved safety profile. Advantage first invested in the company, which is based in Honolulu, in 2003.

#### **About Us**

[Advantage Capital Partners](#) is a private equity firm focused on investing in promising companies in connection with federal, state, and local economic development efforts. With offices in New Orleans, St. Louis, New York, Austin, Washington, D.C., Tampa, Madison, Denver and Huntsville, Advantage has raised more than \$700 million in institutional private equity since 1992 and has invested in companies and projects located in states and communities underserved by traditional venture capital.



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