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#### Welcome - and Seasons Greetings!

Welcome to Advantage Capital Partners' electronic newsletter for December. We hope you enjoy this month's edition.

Happy Holidays from all of us at Advantage Capital Partners. We wish you and yours a safe and joyous holiday season, a time to cherish family and friends and to reflect on the many blessings we enjoy.



#### Economic Development News

##### NVCA predicts 2006 will be year of transition for VCs

Venture capital will experience a fundamental shift next year in risk taking, investment complexity and participants, predicted National Venture Capital Association President Mark Heesen. "The venture capital industry has reached an echelon of maturity that brings with it a universal sense of prudence and discipline that will begin to impact decision-making in 2006," Heesen said. "This maturity will serve us well as we will face fresh challenges with exit markets, new power players, and competition," he added.

Heesen's predictions included more-informed risk taking, trading exuberance for stealth, increased investment complexity, continued weakness in the IPO market, pressure on returns and modest growth. At the same time, industry experts agree 2006 will be a good year for venture capital investment. "It's going to be a great year to start a new company," said Tracy T. Lefteroff, global managing partner of the venture capital practice at PricewaterhouseCoopers. "Venture capitalists had a very active fundraising year in 2005, which means there is plenty of money to invest in 2006."

For more on the 2006 outlook, go [here](#).

### **SBA hurricane loans top \$710 million**

The U.S. Small Business Administration disaster assistance loans in the Gulf Coast areas devastated by the recent hurricanes passed the \$710 million mark, with loans now being approved at the rate of \$26.4 million a day. "SBA's disaster office is producing unprecedented results in response to the unprecedented circumstances caused by Hurricanes Katrina, Rita and Wilma," SBA Administrator Hector V. Barreto said. "We have received more disaster loan applications in 12 weeks than we received for any other disaster in the history of the agency, and we are approving loans at a steadily increasing rate."

The SBA has approved more than 10,200 long-term disaster recovery loans for homeowners, renters and businesses. Only two previous disasters in history led to more than \$1 billion in SBA loans, the Northridge, Calif., earthquake in 1994 and the multiple hurricanes that ravaged Florida last year.

Meanwhile, the SBA's Office of Advocacy recently released a Research Resources publication designed as a portal to direct faculty, students and researchers to small business data and research. A copy can be obtained [here](#).

### **Advantage and the Idea Village provide grants to New Orleans entrepreneurs**

Advantage Capital contributed \$10,000 to the Idea Village Business Relief Fund to help New Orleans businesses in low-income communities rebuild in the aftermath of hurricane Katrina. The grants will provide short-term working capital to qualified businesses smaller than those in which Advantage typically invests.

"This grant program complements our efforts to support small businesses with investment capital," said Michael T. Johnson, an Advantage Capital principal. "All Louisiana businesses need capital to rebuild and grow, and these Idea Village grants will help smaller entrepreneurs rebuild."

The recipients were chosen based on their pre-Katrina status of operating in low-income areas and their commitment to rebuilding in New Orleans. The Idea Village, a non-profit organization devoted to supporting entrepreneurial ventures in the region, awarded Business Relief Grants to Anthony Patton, EBONetworks; Beverly McKenna, The Tribune; Preston J. Edwards, Sr., IMDiversity Inc; and Loretta S. Harrison, Loretta's Authentic Pralines. For more information, go [here](#).

### **News about Advantage investments**

#### **Washington, D.C., energy management company raises \$9 million**

GridPoint, a renewable energy management company, raised \$9 million in venture capital funding in the midst of growing investor enthusiasm for clean energy as fossil fuel prices remain high. Investors included Advantage Capital Partners and a number of individuals. The investment is Advantage's first in connection with the Washington, D.C., Certified Capital Companies program.

GridPoint builds intelligent energy management (IEM) products to reduce electricity costs, improve power reliability and itemize energy consumption for the home and business. GridPoint IEM appliances provide traditional and renewable energy users with instant, automatic backup power based on clean, high-capacity, battery-based technology.

"This level of funding indicates the mainstream adoption of renewable energy and energy efficiency technologies," said GridPoint CEO Peter L. Corsell. GridPoint will use the investment to increase production and marketing for its appliances.

### **Houston wireless payment solutions company raises \$2.5 million**

Commerciant, a leader in wireless, handheld payment processing solutions based in Houston, completed its latest round of financing with Advantage Capital Texas investing \$500,000. Advantage Capital joined Aegis Texas Venture Fund (Aegis TVF) and Accent Texas Fund in providing a total of \$2.5 million in new capital for the company. Commerciant will use the funds to expand marketing, sales and operations to meet growing demand for wireless payment processing solutions.

"This new funding enables Commerciant to move forward with growth plans, in particular to execute a strong sales and marketing strategy that will deliver our product to our customers in numerous market segments," said Tim Davis, Commerciant's chairman and chief executive officer. "We welcome Advantage to our strong group of investors."

Through its patented check processing technology, Commerciant will be the first company to enable both credit card and check processing from the same wireless handheld device. For more on the investment, go [here](#).

### **Industrial designers association recognizes Able Planet products**

Able Planet of Fort Collins, Colo., was recognized for its achievement and innovations with a number of awards from the upcoming 2006 Consumer Electronics Show honoring excellence in design and engineering. More than 160 companies submitted over 1,000 entries to be evaluated by the CES Innovations Showcase. Able Planet won the Best of Innovation for its LINX Technology in the Software/Embedded Technology category. The company's stereo headphones were recognized with Honoree Awards in both the High Performance Audio and Portable Audio categories. Able Planet's Deluxe Cordless Telephone also won an Honoree Award in the Telephone category.

Able Planet designs and manufactures communication devices for people with all levels of hearing loss. Advantage invested in the company earlier this year.

The awards will be presented next month during the 2006 International CES in Las Vegas. For more on the awards, go [here](#).

### **Florida's Pasteuria Bioscience mentioned in Wall Street Journal**

Pasteuria Bioscience of Alachua, Fla., was mentioned in *The Wall Street Journal* last month as a part of the new generation of "biopesticide" makers that search for new ways to kill crop pests without using synthetic chemicals.

Pasteuria is an early stage biotechnology research company focused on controlling plant parasitic nematodes with a safe and effective natural nematicide. These tiny worms are the largest uncontrolled problem in agriculture today, causing an estimated \$87 billion in worldwide crop losses annually. Advantage was an early investor in the company through Florida's Certified Capital Companies program.

Pasteuria uses a fermentation process to replicate a killer microbe called *Pasteuria penetrans*, which prevents nematodes from producing eggs, the Journal reported. Soybean plantations and golf courses, both breeding grounds for nematodes, could be huge markets, said Tom Hewlett, a Pasteuria nematologist.

### **GridApp executive highlights importance of databases in Sarbanes-Oxley compliance**

Database management is often overlooked amid the many concerns stemming from compliance with Sarbanes-Oxley, according to a recent article in Sarbanes-Oxley Compliance Journal written by Robert Gardos, chief executive officer of GridApp Systems Inc. "In spite of their best efforts, the vast majority of organizations have left a gaping hole in their compliance

efforts by ignoring the database and database administrator," Gardos wrote. "The disturbing rise in internal security breaches confirms the problem that even seemingly secure organizations have in controlling their database infrastructure."

GridApp's products and services empower IT departments to take control of their systems and improve database functionality as well as efficiency. Based in New York, the company first received investment from Advantage in 2004.

Penalties for non-compliance with Sarbanes-Oxley can include jail time, Gardos notes. With organizations so dependent on relatively low-level database administrators, positions with high rates of turnover, executives should take systematic steps to ensure data integrity. For more on Gardos' article, go [here](#).

#### **Kanoodle's new cookies product helps content publishers enhance web sites**

Kanoodle.com, a leading provider of sponsored listings for content and search results pages, has launched the first self-service cookie distribution for small to medium-sized web content publishers. The new website tracking product, called [BrightAds Cookies](#), joins the Kanoodle BrightAds automated network for publishers. Cookies distributed via BrightAds Cookies will increase the targeting of sponsored links across the Kanoodle network. The data expires after 30 days and is not used to collect identifiable personal information.

Kanoodle's products enable advertisers to leverage text-based, cost-per-click sponsored links to reach their customers on the Web's search engines and content destinations. The company's clients include MarketWatch.com, MSNBC.com, USA Today.com and CNET's Search.com. Advantage invested in Kanoodle, which has offices in Getzville and New York, earlier this year in connection with the New York Certified Capital Companies program.

#### **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 venture capital investment.



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