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**TRANSFORMATIVE MARKETS PLUS HARD TIMES EQUALS RARE STARTUP VENTURE CAPITAL
INVESTMENT OPPORTUNITY SAYS ONSET'S OPDENDYK**

MENLO PARK, CA - JUNE 8, 2010 - Venture capitalist Terry Opdendyk is upbeat. 26 years ago, he and partner David Kelley founded ONSET Ventures during one of the worst economic periods since the Great Depression. The firm's strategy, which later proved to be its great insight, was to proactively hand craft startup investments that leveraged the rare, simultaneous occurrence of two economic events - sudden market transformations and hard economic times. And according to Opdendyk, those particular planets are again in alignment in not one, but two major sectors of the economy.

"Business-to-business companies that can offer their customers an immediate and significant reduction in their pain tend to thrive during recessions," says Opdendyk. "They often turn in growth rates of 50 to 100 percent per year, particularly in challenging times, such as today. If you can do that in transformative markets, where accelerated creative destruction is threatening to topple entire industries, you have investment opportunities that occur only a few times each generation."

And that time again is now, he maintains. In information technology, for example, its three foundations of business models based upon hardware, software, and communications are rapidly crumbling. "Software and communications are becoming free, and hardware is not far behind," he comments. "In the future, monetizable value will rest primarily in data. If a startup can craft a business model that helps companies survive and thrive in the face of this profound transformation, that startup can essentially write its own ticket."

The other ripe area he sees is in medical technology, particularly that technology which can provide immediate relief to the challenged health care industry. "While it is important to continue to invest in new technologies that offer improved treatments and outcomes, new businesses that yield substantial simplifications and cost reductions in health care will be the big wins for investors in today's environment."

All this could be good news for the limited partners who invest in VC funds. Until several years ago, venture capital was essentially self funding - distributions to LPs in any given year exceeded new capital requests. But with the dramatic fall-off in startup IPOs during the last decade, and now the current financial crisis, investors have found themselves faced with capital calls each year that have exceeded their annual returns, putting them in a liquidity squeeze themselves. This rare window could provide some much-needed relief.

Opdendyk is convinced of that, particularly based upon numerous examples in ONSET's own portfolio that adopted the strategy.

"Take Obopay [www.obopay.com] for example," he says. "Its business plan foretold an impending, dramatic transformation in banking, where instantly 'texting' money from a mobile phone to friends, family, or merchants would become not only commonplace, but for large sections of the

world community, their only contact with banking. Well, it's happening, and Obopay now is the largest mobile payments system in the world. And they have enfranchised an entire new community of users."

In Opdendyk's example, the profound transformation lies not only in the use of mobile devices to replace checks, credit cards, wire transfers, or bank and ATM visits, but also in the extension of banking to the previously 'unbanked', as Obopay likes to put it - people and societies around the world who have used only cash for centuries, but where there is now nearly a cell phone in every pocket. "What a shot in the arm for both the financial *and* the telecom sectors," he observes.

Opdendyk also cited another current ONSET home-run from health care - one of his two ripe investment areas - and certainly a sector needing its own shot in the arm. "Access Closure [www.accessclosure.com] seized the opportunity to significantly reduce patient and clinical costs and time - as well as discomfort - in conjunction with a commonplace procedure, and it has been a big success," he reports.

What Access Closure introduced, he says, is a way to simply and quickly close arteries that have been punctured for diagnostic or interventional purposes. Where before a patient would be forced to lie immobile after the procedure for many hours, with a clinician controlling the wound with compression, now the patient can be ambulatory and on the way home in under an hour.

But perhaps the strongest evidence of Opdendyk's thesis is that it is based upon history.

"People tend to forget that Apple Computer, Cisco, Intel, and Microsoft - to name just a few - were born in, or on the heels of, significant economic downturn, and were the agents of - or the immediate beneficiaries of - wildly transformative markets," he says. "Well, the same business principles hold for the companies we are investing in today." And that, Opdendyk believes, can be the foundation for a whole host of winning startups. "It's not easy [to craft the right investment], particularly when cash is scarce." he concludes, "But for those who can gain traction, the rewards are substantial. This is one of the most transformative periods of the last 25 years."

About Onset Ventures

ONSET Ventures specializes in providing an ideal mix of start-up, follow-on, and intellectual capital to entrepreneurs and early-stage technology ventures, to help transform world-class ideas into sustainable and valuable businesses, through a process of "venture craftsmanship." The firm has backed over 100 companies since 1984 and now has more than \$1 billion under management.

ONSET's venture craftsmanship, refined over 26 years, includes a highly-optimized tool set for risk and capital management, and a shirt-sleeves style of active collaboration with entrepreneurs that leverages the firm's substantial operating experience. That collaboration frequently begins before the closing of any financing, and typically continues throughout the life of the venture. This approach, which has become the hallmark of the firm, has resulted in businesses with a dramatically higher rate of gaining market traction, particularly in transformative markets. In addition, it has resulted in a franchise that not only brings successful, serial entrepreneurs back to ONSET Ventures time and again, but also attracts investors who want the increasingly rare opportunity to participate in very early stage venture investing.

ONSET Ventures focuses exclusively on information and medical technology-based start-ups, and has a long history of successful ventures in each of these sectors.