

# Dow Jones Private Equity Analyst

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### LP PROFILE: **VIA Looks For The Right DNA In An Evolving VC World**

By Laura Kreutzer

NEW YORK (January 5, 2012) - Venture Investment Associates' passion for venture capital, especially early-stage VC, places it among a shrinking number of limited partners that still have a healthy appetite for the sub-asset class.

But when it comes evaluating managers, the Peapack, N.J.-based firm acts more like a geneticist, trying to figure out which VCs have the right "DNA" to succeed in an industry that continues to evolve, according to Managing Director Jason Andris, whose father founded the firm back in 1993.

"The question is: Are the very good firms of this cycle, the ones that were the best ten years ago or are they ones that you are less familiar with?" said Andris.

Historically, VIA has committed between 55% and 65% of its fund-of-funds portfolios to the sub-sector, although it also backs other types of funds, including growth equity and small buyout vehicles. The firm has a long history of investing in venture funds and was an early backer of the predecessor firm to Menlo Park-based Institutional Venture Partners, which in turn saw two spin-offs, Redpoint Ventures and Versant Ventures.

Its lengthy history in venture capital has not only helped VIA cultivate relationships with some of the industry's oldest venture firms, but also has given the firm a toehold with newer groups, such as Redpoint Ventures, that have spun out of those firms, according to Andris. "It's always been a part of our strategy to build a pipeline of new relationships, whether emerging or established firms that we haven't had a chance to back in the past," he said.

In 2005, for example, the firm's history as a long-time limited partner with Boston-based Summit Partners gave it insight when it considered a debut fund being raised by San Francisco-based early-stage investor True Ventures. "Two of the three founding partners got their start at Summit Partners where we were [among] the firm's first investors and had consistent DNA between them," said Andris. "An important tenet of Summit's business is buying right and being willing to sell [at any time] for the right price."

VIA approved a small commitment to True Ventures debut fund, a \$165 million pool that closed in 2006. The firm gradually increased its commitment to the firm's \$213 million second offering in 2008 and more recently backed True Ventures III LP.

Technological advancements, particularly around open source and outsourced software development, cloud computing and Internet customer acquisition strategies have made it

cheaper to launch Internet start-ups, and easier to scale businesses as growth occurs. This has opened the door in recent years for a new class of angel investors who can step in at the earliest stages of a company's life and change the trajectory of young businesses, according to Chris Douvos, who joined VIA as a managing director in late 2011.

"It feels like one of these tectonic shifts where there are some very profitable business models being constructed in some very profound ways," said Douvos.

Douvos spent considerable time in Silicon Valley getting to know the community of angel investors, such as First Round Capital, where at his prior organization he was among that firm's early institutional backers.

However, both he and Andris caution that, much like their larger VC brethren, it's important to identify those groups that are well positioned to attract the best entrepreneurs. "The space has gotten a bad rap, because it seems that some of the investors just write a lot of checks," said Andris. "The firms that are doing it right are putting in place some impressive infrastructure to support the entrepreneurs in what they do."

## **Venture Investment Associates**

### **The Firm**

Stathis Andris founded Venture Investment Associates in 1993 with the acquisition of American Express Co.'s private equity portfolio, a portfolio Andris had built over the prior 20 years. Currently, the firm oversees some \$1 billion in assets.

### **The Funds**

Venture Investment Associates is currently in the market with its newest diversified fund of funds, Venture Investment Associates VII LP, which has a \$225 million target, according to a filing with the Securities and Exchange Commission. In 2011, the firm also collected at least \$59 million for a second fund of funds focused on the energy sector, according to separate SEC filings.

### **Select GP Relationships**

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