

# The San Diego Union-Tribune

## San Diego seeks to boost profile with venture capitalists

*SD Venture Group brings out-of-town VCs to meet with local firms*

By Mike Freeman | 4:18 p.m. July 20, 2015

For San Diego startups, access to venture capital has long been a sore subject.

Because there are few homegrown venture capital firms, local entrepreneurs must seek funding elsewhere, such as Silicon Valley, where they are competing with the vast colonies of startups in the venture firms' backyards.

The San Diego Venture Group is trying to make the introduction between local startups and out-of-town venture firms easier with its Cool Companies event, slated Tuesday evening at Petco Park.

For several years, the Venture Group hosted Cool Companies as part of its annual Venture Summit, a half-day industry overview that is open to the public and attended by hundreds of venture capitalists.

This year, Cool Companies is being pulled out into a separate event. It's not open to the public. The Venture Group brought representatives from about 40 venture capital firms — mostly from outside the region — to San Diego to meet with 30 local startups in a private setting.

About 160 San Diego startups applied, said Mike Krenn, president of the San Diego Venture Group. The firms chosen were selected based on whether they are ready — or close to ready — for venture investment.

“It's putting capital sources together with startups in a meaningful, real, curated way,” said Krenn. “There are some top-tier funds coming that we have not seen a lot of down here. Maybe they see a couple of things that capture their imaginations.”

Some of the venture capital firms slated to attend include Bessemer Venture Partners, Canaan Partners, Trinity Ventures and Menlo Ventures, among others.

The event comes as new data released last week showed San Diego lagging in venture capital flowing into the region's young companies.

At a time when venture capital nationally surged to its highest level in 15 years, San Diego actually saw investment shrink in local firms.

Through the first six months of this year, 42 San Diego companies have received \$412 million in venture capital. That's down from 53 firms netting \$470 million for the first half of 2014, according to the MoneyTree survey from PricewaterhouseCoopers and the National Venture Capital Association.

The 30 Cool Companies won't be making formal pitches on Tuesday, said Krenn. The setting is casual, with associates of venture firms able to approach companies in a meeting room at Petco Park. Afterward, there are social events.

Companies attending include a handful that have raised capital before, such as CloudBeds. It makes online reservation software for small hotels, bed-and-breakfasts and youth hostels. It has raised about \$3 million to date.

Other local companies are in earlier stages. La Jolla cybersecurity developer Fhoosh, which has 15 patents, makes technology for businesses to protect critical data by storing it in a state that is useless to hackers.

The company's platform breaks apart, disassociates and then separately encrypts data.

"It's cool because now, if hackers break into a Fhoosh -protected data store, they get data dust instead of information diamonds," said Chief Executive Eric Tobias.

Boost Academy is another young firm attending. Its technology lets students link to tutors for one-on-one math instruction over an iPad. Its patented platform displays a two-way, real-time white-board on the iPad for students and tutors to communicate.

"Math mastery is more essential for today's students than ever before," said Boost Chief Executive Craig Collins. "However, the tutoring market is fragmented. Boost's platform provides a streamlined solution for math tutoring without the inconveniences that come with finding, hiring and scheduling an in-person tutor."