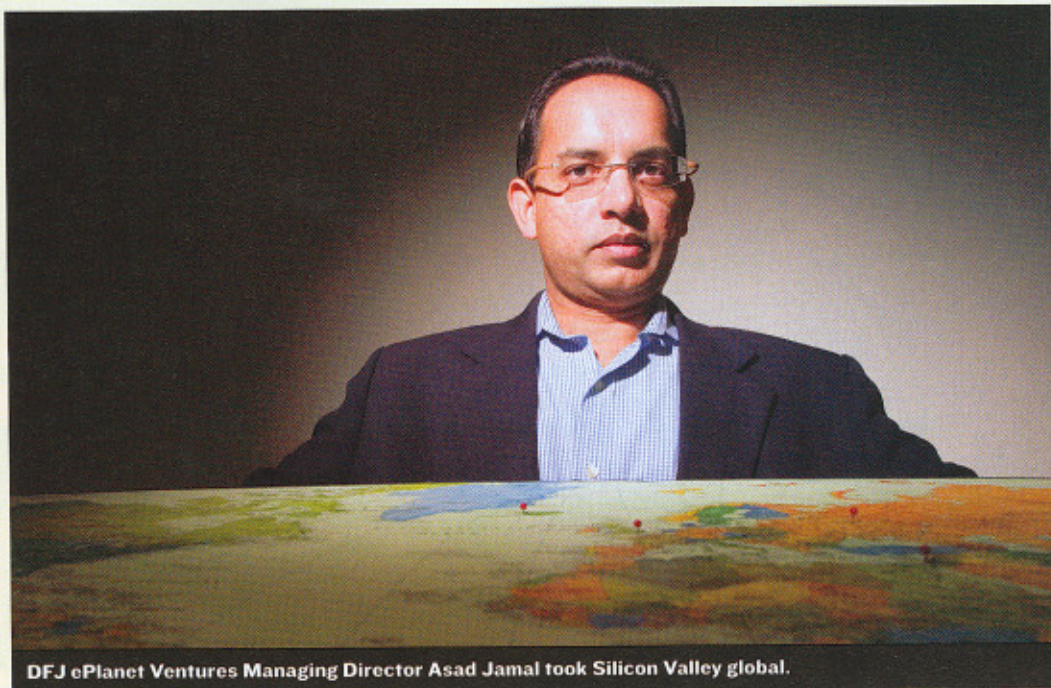


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CAPITAL

The World's Hottest VC?

Asad Jamal, the man who found Baidu.com, goes on his own.



DFJ ePlanet Ventures Managing Director Asad Jamal took Silicon Valley global.

JEFFREY BRAVERMAN

“He’s the shadow behind.”

MORTEN LUND,
CEO,
BULLGUARD

Think of venture capital and you might picture Kleiner Perkins’ wonky John Doerr. Or Bob Valentine of Sequoia. Or maybe you think of Sand Hill Road, the leafy Menlo Park enclave that’s home to powerhouses such as eBay backer Benchmark Capital, which made a huge mark during the boom. But since the bust, another name has been on the rise in Silicon Valley, one with a perspective that goes far beyond Menlo Park.

Asad Jamal, 45, has pushed the industry to look beyond the confines of the Valley. That’s how he discovered Baidu.com, the Chinese web portal that lit up the stock market last year with a 353 percent first-day price jump; got into Skype, the Internet telephony company purchased by eBay for \$4.1 billion in September; and took a piece of Focus Media that has nearly doubled in value since its IPO last July. He’s the best venture capitalist you’ve never heard of.

Mr. Jamal is the brains behind venture capital’s globalization. But ask people in Silicon Valley about the former Peregrine Investments senior banker and you’ll get shrugs. Sevin Rosen’s Steve Dow, for example, has been a Valley VC since 1983 and says he’s never worked with him. But then again, that may not be surprising. Mr. Jamal has been in the shadow of flamboyant financier Tim Draper (who even has his own theme song).

But now Mr. Jamal has told *Red Herring* he is cleaving his investment team at ePlanet Ventures from its mother ship: Draper Fisher Jurvetson.

Mr. Jamal, a graduate of the London School of Economics, went to Mr. Draper in 1999 and convinced him to go global. No other firm in the Valley would have bitten for the idea at a time when you could walk down the street in Palo Alto and trip over the next billion-dollar idea. “DFJ listened to my theory and thesis and took us

seriously,” says Mr. Jamal.

Mr. Draper was on his fifth venture fund at the time, and had promised his investors it would be spent within the United States. Mr. Draper had already worked out a scheme of profit sharing, rolodex swaps, and mutual partnerships that would give him exposure to a wider swath of deals. But he was starting to itch for a global reach. When he was working on Hotmail, which he sold to Microsoft for \$400 million in 1998, Mr. Draper sent an email invitation to one man in India and three weeks later had 100,000 new email users. “That was enough for me,” he says.

So Mr. Jamal took the mantle of the Draper franchise and raised a \$650-million fund in 2000—just before the bottom fell out of the U.S. tech market. When that fund runs out—sometime in 2006—the two firms will go their separate ways. Mr. Jamal will raise his own fund and Mr. Draper will go global through his eighth

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fund and a new cadre of affiliates.

The split follows the success of Skype—an investment that demonstrates the wide reach of the network Mr. Draper and Mr. Jamal have built. Tim Draper came to Skype through Howard Hartenbaum, a partner at Draper Richards, the venture firm run by William Draper III, Tim Draper's father. Mr. Hartenbaum, stationed in Luxembourg, pulled both Tim and William Draper into the company in 2002 through the Draper Investment Company—a family fund. When it came time to up the ante, Tim Draper had to use ePlanet's money to invest in Skype's \$18.8-million second round of funding in March 2004.

Mr. Draper, who holds the title of partner in ePlanet Ventures through an agreement of the affiliate network, decided to take the board seat at Skype. He loves the company and boasts about its ability to change everything as if it were his own child. But the winnings from the \$4.1-billion buyout by eBay accrued to ePlanet's fund, not Draper Fisher Jurvetson's. Of course, DFJ didn't exactly miss out on

the winnings. The firm gets a cut from the proceeds of all its affiliate partners.

Now, thanks to contractual changes to a new \$400-million fund, which closed in 2004, Tim Draper can drop dough into any country in the world. That makes for an interesting relationship with ePlanet.

"Let's say there's the next Baidu in China and they want to do the deal and we want to do the deal, how are you going to do that?" asks Mr. Jamal.

"There was no reason to have two things running in parallel," Mr. Draper says.

The two seemed to make a good team, though. When Morten Lund, CEO of antivirus vendor BullGuard, took a \$2.5-million investment from ePlanet in 2003 his first interview was with Mr. Draper, who was excited about entering into a deal. His second interview was with Mr. Jamal, however, who pulled apart BullGuard's business model. "He's the shadow behind," Mr. Lund says of Mr. Jamal. "He seems very cool." Now that ePlanet and DFJ have decided to part ways, Asad Jamal may begin casting a long shadow of his own. **RF**

DFJ's New World Order

ePlanet may be spinning out of the Draper Fisher Jurvetson solar system, but that doesn't mean DFJ is abandoning global investing. Its eighth fund, which had its first close in December 2004, can invest anywhere in the world. But the firm's reach doesn't stop there. It has set up affiliates similar to ePlanet, only focused on various regions. DFJ Faros and DFJ Dragon have yet to close. **RF**

Firm Name	Area	Date
DFJ Primaxis	Canada: Toronto, Waterloo, and Ottawa areas	2003
DFJ Nexus	Russia, Ukraine, and former Soviet Union	2004
DFJ India	India	2005
DFJ Faros	Greece, the Balkans, and Southeastern Europe	2006
DFJ Dragon	China	2006

DECISION: BlackBerry

A U.S. federal judge will decide in February whether some 4 million CEOs, corporate veeps, and middle managers in the United States are allowed to keep using a much-beloved accessory. If the federal judge in Richmond, Virginia, imposes a ban on BlackBerry service, it will be a sweet victory for NTP, a small company with a fistful of patents and zero products. It would also be a blow to innovation.

In 2002, NTP sued Research In Motion, the Canadian maker of the BlackBerry wireless platform, for patent infringement. It's been a long, ugly fight since then. While the federal courts have largely backed NTP's claim that it holds patents essential to making the BlackBerry work, the U.S. Patent Office has chucked four of the five patents central to NTP's case.

The Patent Office's recent decisions will have to weigh on the judge's deliberative process, says Ken Dulaney, an analyst with Gartner who has followed the case. Mr. Dulaney also says that the judge will likely have to consider concerns from the U.S. Department of Justice that flipping the switch on BlackBerry service would be terrible for the businesses that rely on it. "It's almost like a death penalty case, there is no way to determine the outcome," he says.

Most people don't think the BlackBerry is slated for lethal injection. But there is one participant in the case that many entrepreneurs would like to see rehabilitated if not eliminated: the understaffed, underfunded, and overwhelmed Patent Office.

"Congress has to take up patent reform," says Mr. Dulaney. The BlackBerry is a favorite device on Capitol Hill. If the service goes dark, that may prompt some legislative action.



EARNINGS: Alcatel

While frequently touted as the main course on Huawei's lunch plate, Alcatel's long investment in becoming a leader in broadband-access equipment might be starting to pay off. SBC, now AT&T, picked Alcatel as the chief vendor of its Project Lightspeed, a bid to deliver fiber-optic direct to the home. Still, Huawei is on the make in Europe, Alcatel's home turf. Analysts will get a look at how well its broadband equipment strategy is faring when the company releases its

quarterly earnings February 2. Analysts expect the company to earn \$0.27 per share. **RF**



AP PHOTO/GAUTAM SINGH

Huawei CEO Ren Zhengfei: Alcatel's Biggest Threat?