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## Battelle debuting \$150M venture fund

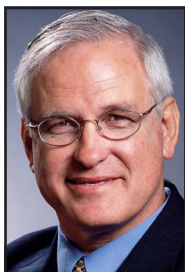
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Battelle Memorial Institute is forming a \$150 million venture capital fund that over the next 12 years will pour money into technologies the Columbus organization owns, influences or manages.

Creation of the fund marks the largest pool of private equity investment money based in Central Ohio, a region that has seen its companies struggle for venture infusions that instead have found their way to businesses on the East and West coasts.

The fund also marks Battelle's second venture capital play. The institute made a \$10 million contribution in 2001 to what is now the \$28 million Reservoir Venture Partners fund, based in Worthington.

Battelle has hired Morton Collins to serve as general partner of the Battelle Ventures fund.



C. Kohrt

The Princeton, N.J., resident left the venture capital arena in 1998 after 30 years of making investments.

Since then, he's scratched all his retirement-related itches and is happy to get back to the office because "this is probably the best time in my lifetime to start a new venture capital fund."

"My whole career has led to this point," said the 67-year-old Collins. "This most attractive thing to me is the availability of all the technology that has been developed within Battelle and all the laboratories it manages; technology for use in commercial activities."

### Objective eye

Battelle created the fund to get its technologies to commercial markets. The



### BATTELLE MONEY TEAM

**Joining Battelle Ventures general partner Morton Collins in examining investment prospects will be:**

**Jim Millar** — He has been involved in the venture capital arena since 1984. He spent a dozen years with DSV Partners and then co-founded Early Stage Enterprises. Prior to his work in the VC business, he was employed by Texas Instruments Inc.. Millar is on the Board of the National Association of Small Business Investment Companies.

**Ron Hahn** — He's been investing in early-stage businesses for 31 years, including work as a partner or general partner for four venture capital organizations. Hahn founded the Princeton/Montrose Partners, joined the health-care team of Alan Patricof Associates as a general partner in 1987 and co-founded Early Stage Enterprises with Millar in 1996.

**Kef Kasdin** — She has been involved in developing and executing high-technology strategy for more than 15 years. Kasdin spent nine years at 3Com Corp. and joined Early Stage Enterprises in 2000. Prior to that, she developed business plans, recommended strategic partnerships and served as adviser for 10 technology start-up companies.

funding will go to seed or early-stage operations — companies or technologies that often haven't received prior funding.

Carl Kohrt, Battelle's chief executive, said the institute "tended to overestimate the value of our ideas and underestimate the cost" of developing them in the past.

Kohrt wants Collins and the management group he has assembled to bring a critical, objective eye to the technologies created by Battelle and the four national

laboratories it manages — Brookhaven in Upton, N.Y.; National Renewable Energy Lab in Golden, Colo.; Oak Ridge in Tennessee; and Pacific Northwest in Richland, Wash.

"We want to know, is it investable?" Kohrt said. "Help us understand if something is not fundable and whether there are other ways to develop it, whether through licensing agreements or partnerships with other organizations."

Kohrt also hopes Collins' experience in the venture capital industry will lead to partnerships with other investors, who would participate in backing the technologies.

"This hopefully will have a large local impact," Kohrt said.

"Companies created out of this will be placed where the technology is a resident, and some of that is here in Columbus," he said.

Also, because Battelle operates as a charitable trust, 62 percent of its profits must be earmarked for Columbus, whether through charitable contributions or for reinvestment at Battelle's headquarters on King Avenue.

### Good news

Battelle's timing in launching Battelle Ventures couldn't be better, said some industry observers.

Corey Lavinsky, president of Growthink Research in Venice, Calif., a firm that monitors venture capital investing nationwide, said a large pool of money directed at seed and early-stage businesses is just what the industry needs.

Lavinsky said "over the past few years, venture capitalists have become very conservative" by focusing on mature companies that already have received investments.

And because of the industry downturn, prompted by irrational investments of the 1990s, any new fund is welcome news.

According to New York-based Venture Wire, 355 private companies based in the United States raised \$3.3 billion in venture capital in the second quarter, down from 582 companies that took in \$5.9 billion in the same period a year earlier.

If the private equity industry is to rebound, Lavinsky said, seed-stage funds must be available for start-up firms that are developing innovative technologies.

### **Commercialization key**

Kohrt said Battelle Ventures is part of the

organization's long-term strategy that emphasizes commercialization.

Battelle will have oversight of the fund, but the investment decisions will be made by Collins and his team.

Collins, who holds a doctorate in chemical engineering from Princeton University, is past chairman of the National Venture Capital Association and has founded and managed four venture funds with a focus on communications, software and electronic materials.

Although Collins and his team will have an office at Battelle's Columbus headquarters, they expect to spend most of their time at the national labs and Battelle

facilities to evaluate technologies.

"When we find a nice piece of technology, we would probably make the first investment and spin that company out and take one or two people out of Battelle with the company," Collins said.

"When it gets along to the point that it has passed various 'smell tests' with respect to being a viable commercial enterprise, we'd put together more standard financing and attract other partners to invest along side of us," he said. "We would expect to leverage that by a factor of \$4 to \$5 of other peoples' money for every dollar of Battelle's money."