



GrandBanks
Capital

massachusetts alliance for economic development

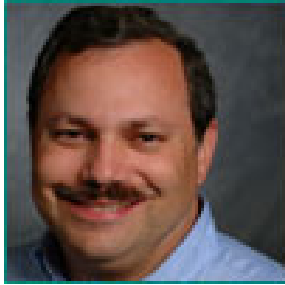
Changing Times, Changing Strategies: Meeting the Challenge of the Downturn

Charley Lax

Managing General Partner

June 13, 2008

Investment Management Team



Charles R. Lax – Co-founder & Managing General Partner

Charley's investment career includes investments in 41 portfolio companies, which have resulted in 29 exits to date. His track record includes 15 IPOs, of which 10 achieved market values in excess of \$1 billion.



Charley was the first investment manager hired by SOFTBANK for venture capital. He is a founding General Partner of SOFTBANK Venture Capital (predecessor to Mobius Venture Capital), and also a founder of SOFTBANK Capital Partners. Charley has been a key man in all SOFTBANK funds in which he has been a GP.

FLATIRON PARTNERS

Charley co-created Flatiron Partners as a venture partner, sponsored by SOFTBANK and JPMorgan Partners, and served as a member of its investment management committee.



Before his affiliation with SOFTBANK, Charley was a Venture Partner with Boston-based VIMAC Ventures.



Prior to his career in venture capital, Charley worked at Phoenix Technologies Ltd., the BIOS developer, in marketing, product management, and sales roles. He also managed Phoenix Technologies' relationship with SOFTBANK.

Education

Boston University, BS (magna cum laude), 1982



Investment Management Team



Ryan Moore – Co-founder & General Partner

Ryan co-founded GBC with Charley Lax in 2000 and focuses on investments in the Internet infrastructure, media, wireless technologies, software and financial technologies. Ryan managed and served on the board of GrandBanks' investment in Enpocket which was sold to Nokia Corporation in October 2007, and serves on the board of GlassHouse Technologies which has filed its S1. Ryan also served as the lead investor in the Series A funding of First Coverage, uLocate Communications, Vela Systems, and Vivox and led the Series C investment in SendMe Mobile.



Ryan was recruited to SOFTBANK Venture Capital (Mobius Venture Capital) and SOFTBANK Capital Partners, a strategic late-stage investment fund, by Charley Lax in 1999.



Ryan was a Senior Associate at Robertson Stephens, focusing on Technology Investment Banking. During his tenure, he worked with a number of technology companies on strategic and financial transactions including E*Trade Group, eBay, Internet Security Systems and WebMD.

Education

Princeton University, AB, 1996



Investment Management Team



Tim Wright – General Partner

Tim has 20 years of experience in various technology industries and brings a wealth of operational and technology experience to the GBC team. At the time of closing Fund II, Tim will become a General Partner of GrandBanks Capital. Tim has assisted in technology due diligence for GBC Fund I and serves on the board of GBC portfolio company xkoto. Tim also serves on the board of LookSmart.



Tim was the Chief Executive Officer of Geac's business outside the U.S. (Europe, Middle East, Africa, Asia and Pacific), and was responsible for 50% (\$220 million) of Geac's \$440 million total revenue and managed 1,300 people in 20 countries. Geac was sold to Golden Gate Capital for \$1.0 billion in 2006.



Tim served as a Senior Vice President, Chief Technology Officer and Chief Information Officer at Terra Lycos. Tim oversaw 750 staff members in 10 development centers around the world and was responsible for managing an average budget of over \$350 million in capital spending and operating expenses. Tim was also integrally involved with 9 company acquisitions (including Gamesville) and was at Lycos when Terra acquired it for \$12.5 billion in 2000.



Tim worked for The Learning Company ("TLC") (NYSE:TLC) for over 8 years in a variety of roles, including Senior Vice President, Chief Information Officer and VP of R&D. Tim played an integral role in the development and growth of the company through its \$3.8 billion sale to Mattel in May 1999. Tim was also integrally involved with 25 company acquisitions while at TLC.

Education

City University of London, BSc (summa cum laude), 1986

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Investment Management Team



Jeffrey P. Parker – Founding Venture Partner

Jeff has an extensive history of success as an entrepreneur, CEO and investor in financial services and information services companies over the past 20 years. He represents GBC as Chairman of the Board of Directors for First Coverage. Jeff was named 2003 New England Entrepreneur of the Year by Ernst & Young in the Financial Services category and the 2001 Entrepreneur of Year by Cornell University.



In 1997, Jeff co-founded CCBN.com, a leader in enabling direct communications between public companies and investors online. Jeff served as CCBN's Chairman and CEO until its sale to Thomson Financial in March 2004.



In 1986, Jeff became Chairman and CEO of Thomson Financial, and he built it into the premier provider of proprietary financial information. Thomson Financial now has annual revenues in excess of \$1 billion.

First Call

In 1983, Jeff founded First Call, the financial community's leading provider of real-time broker-sourced research, earnings estimates, news releases and other financial information. He sold First Call to Thomson in 1986.

Technical Data Corporation

In 1980, Jeff founded Technical Data Corporation, a leading provider of financial analytic services for the institutional investment community. He sold the company to Thomson Financial in 1986.

Education

Cornell University: BS, 1965; MS, 1966; MBA, 1970

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GrandBanks Capital Investment Strategy

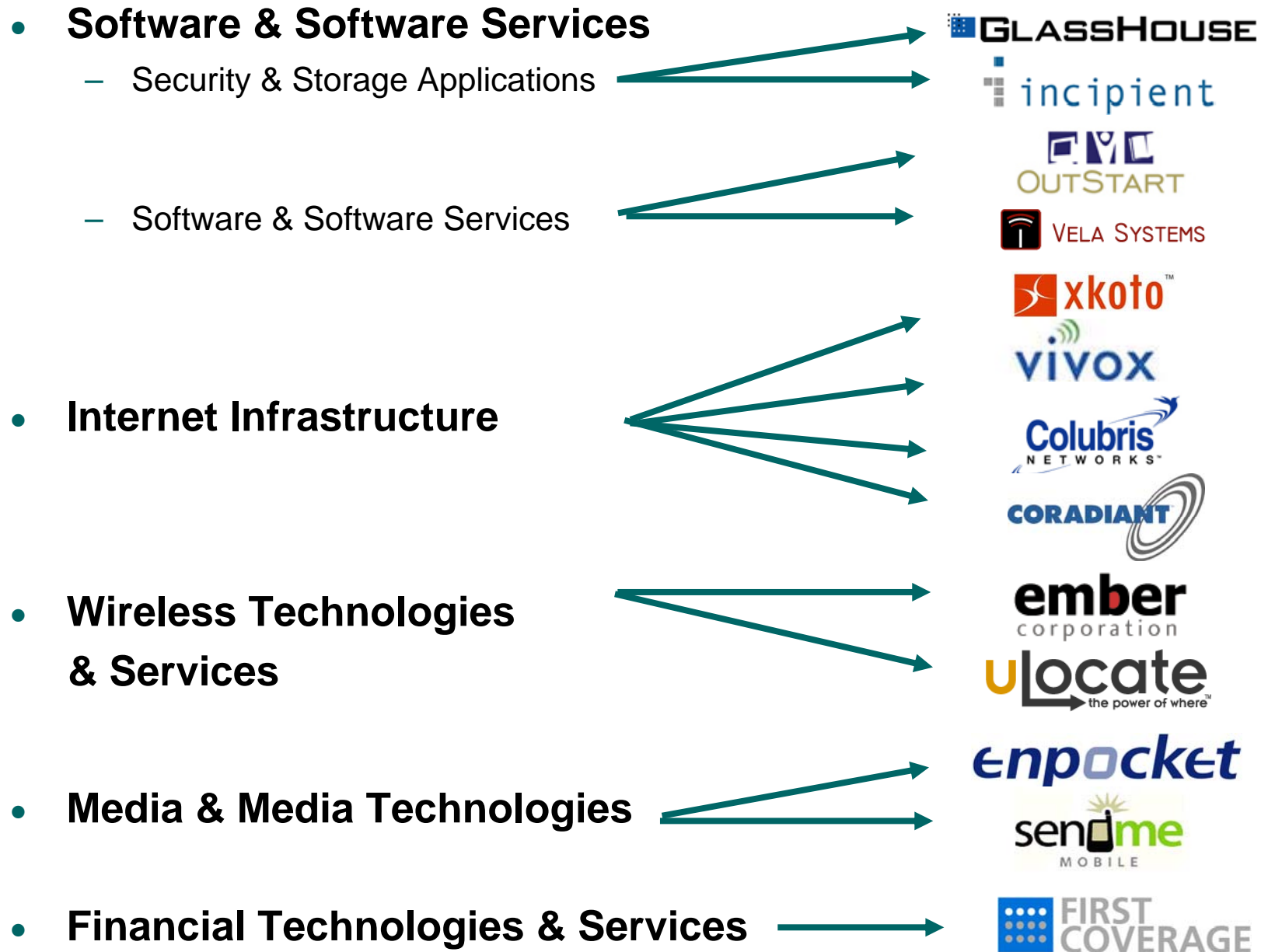
- Investment profile
 - Primarily east coast
 - Principally early stage (1st – 2nd round), but flexible
 - Lead and co-lead deals as a key investment syndicate player
 - Focus has remained the same since Fund I formation
- \$5 - \$15 million average commitment over life of investment
- Continue legacy of building market leaders in target segments



- Active and aggressive investors who work closely with company management
 - Add value through business development, financings, recruiting activities, acquisitions and ultimately helping to drive liquidity

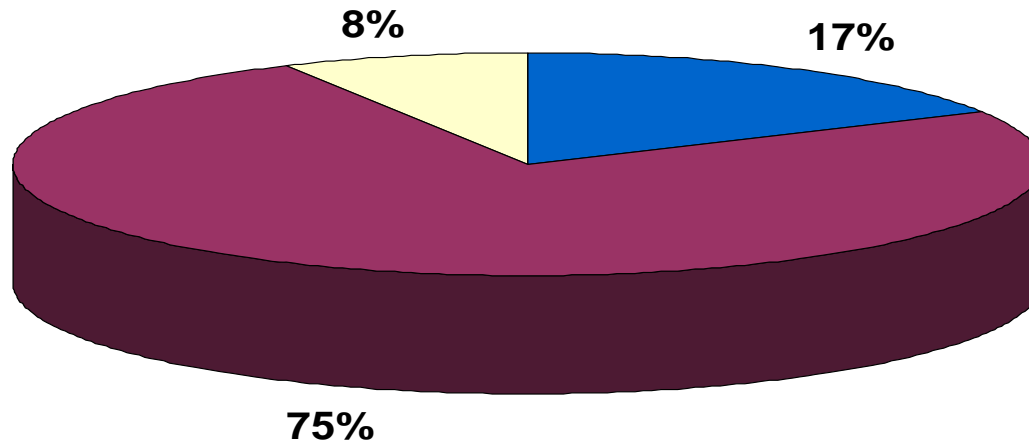
(1) Portfolio companies from former funds

Investment Sector Focus & Concentration



Venture Capital Investments by Region

\$27.19 Billion dollars were invested in 3,820 deals in 2006



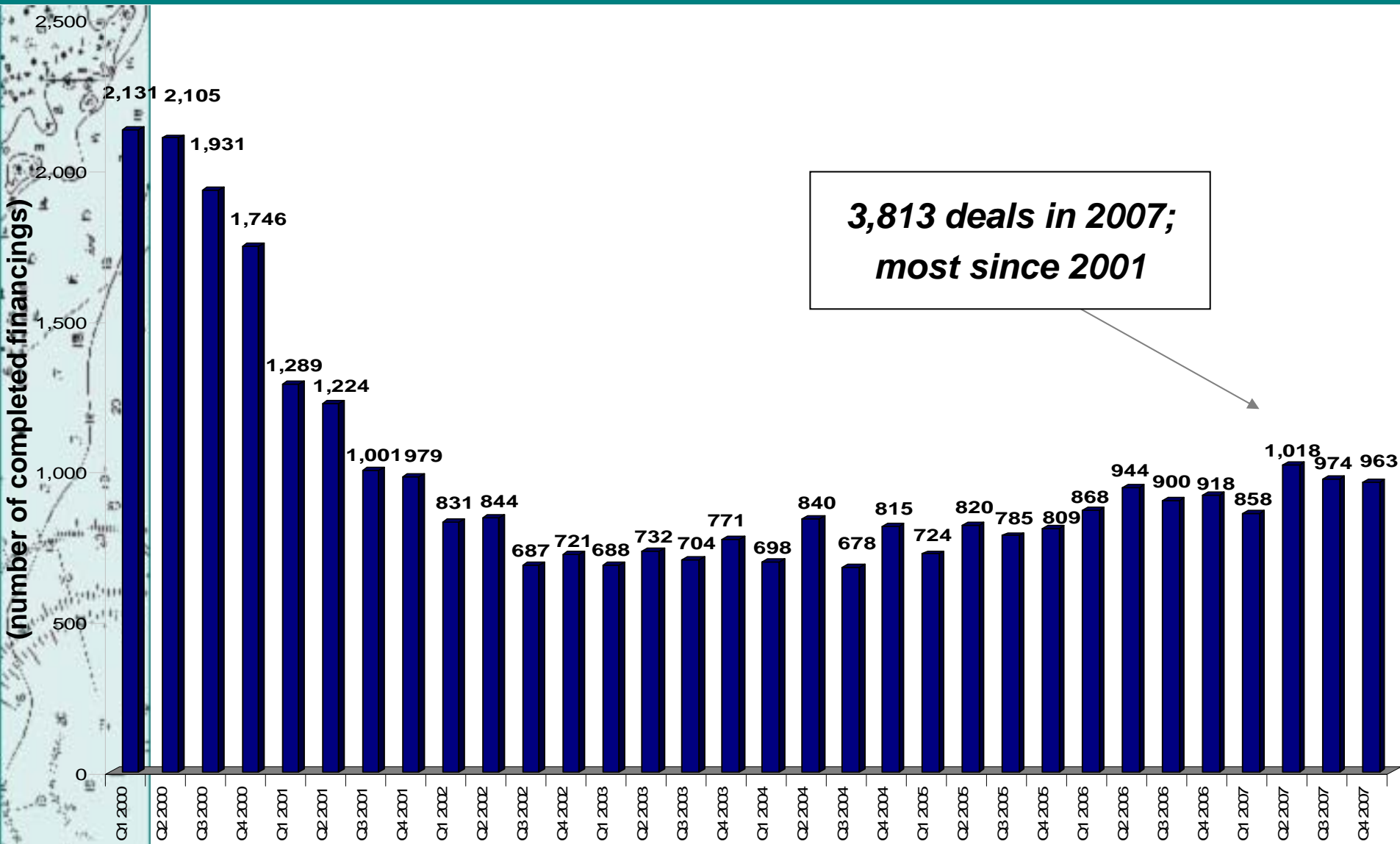
25% represents more than 950 deals and \$6.3Bn in our core investment geography

-  **New England (1)**
-  **Eastern Canada**
(Ontario & Quebec)
-  **Rest of U.S. & Canada**

Source: PWC Moneytree Survey & Thomson Macdonald

(1): Includes New York

Completed US Venture-Backed Financings



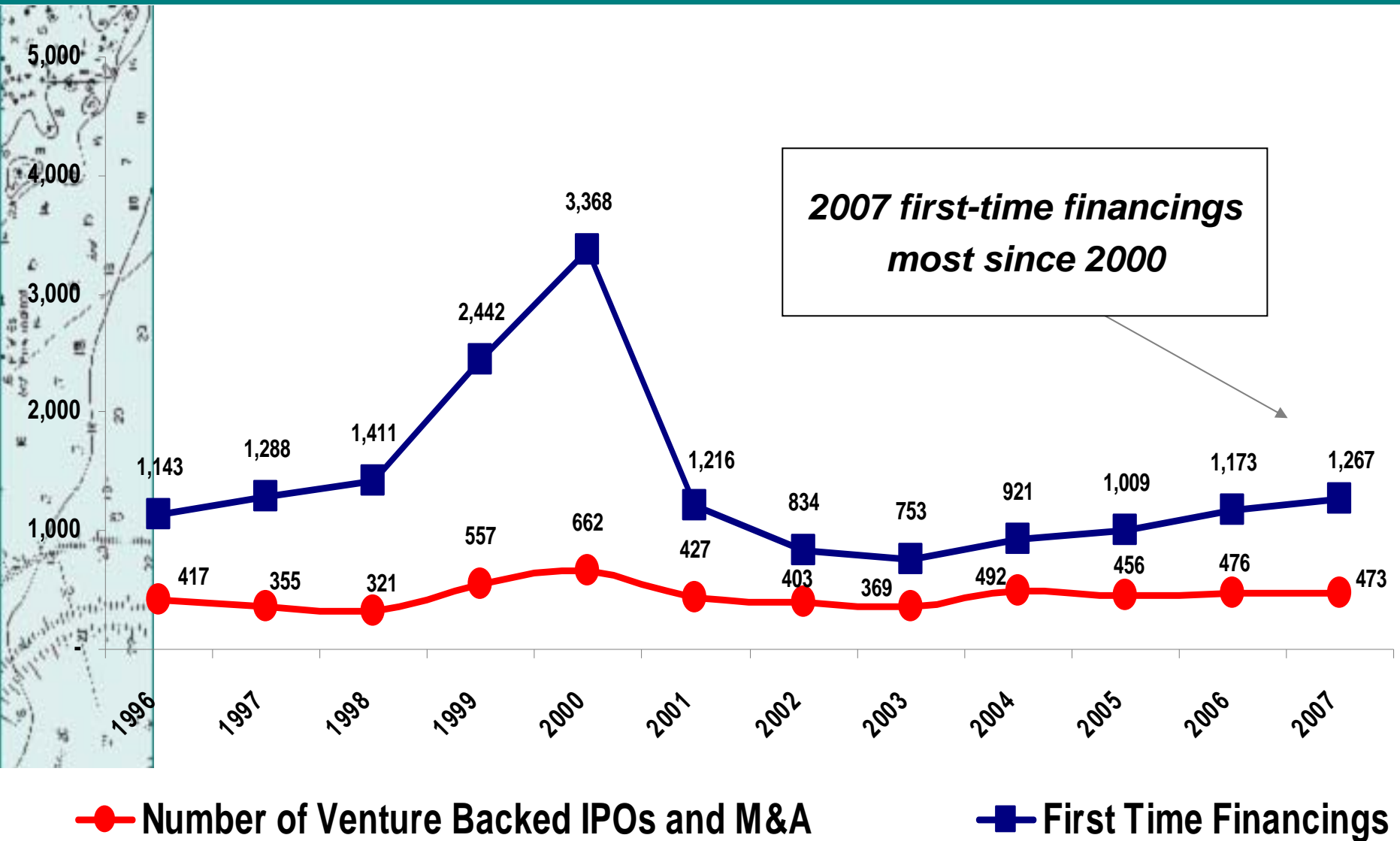
Source: PWC Moneytree Survey

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Venture Capital Funding vs. Liquidity



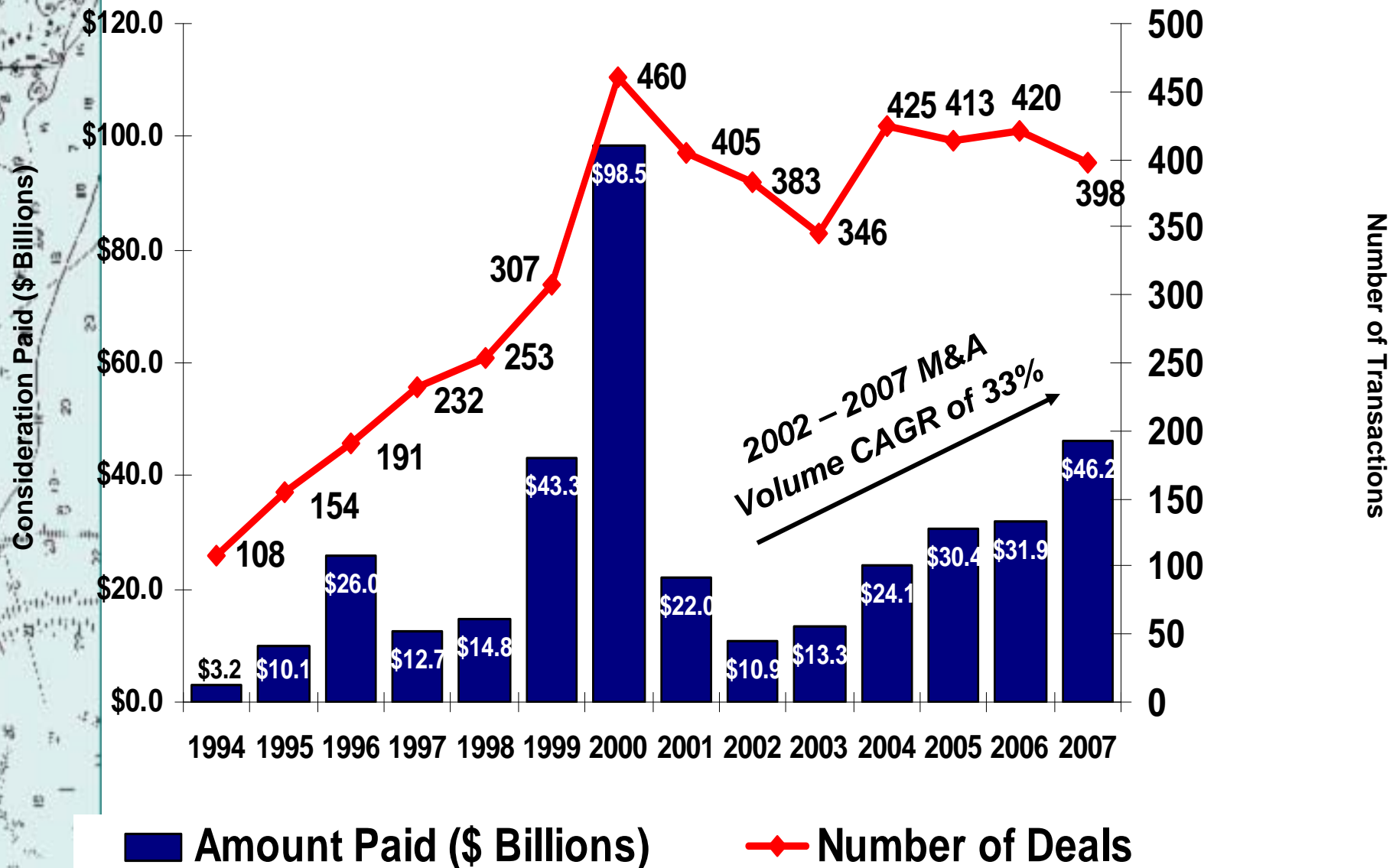
Source: PWC Moneytree Survey and VentureOne.

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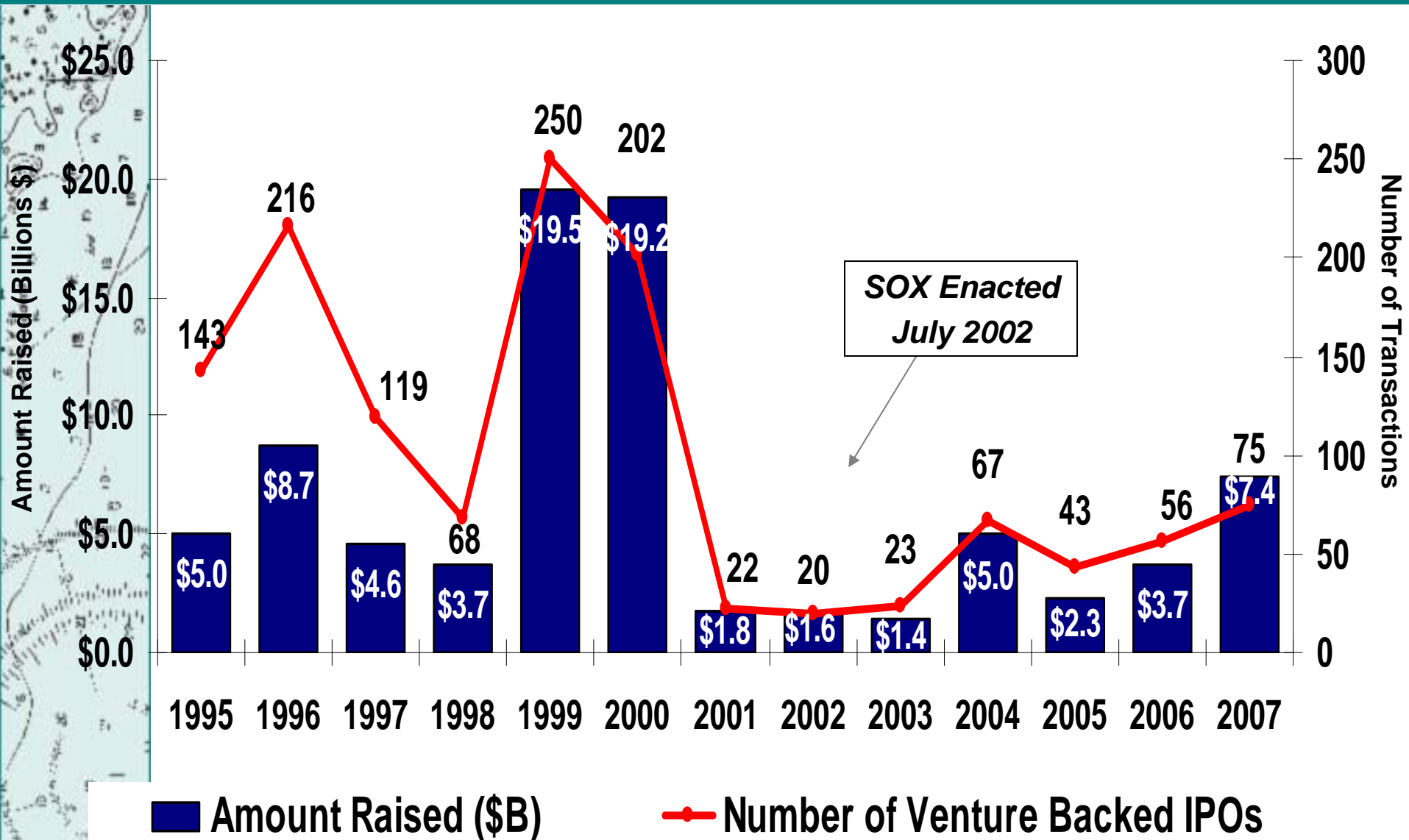


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U.S. Venture-backed M&A Activity



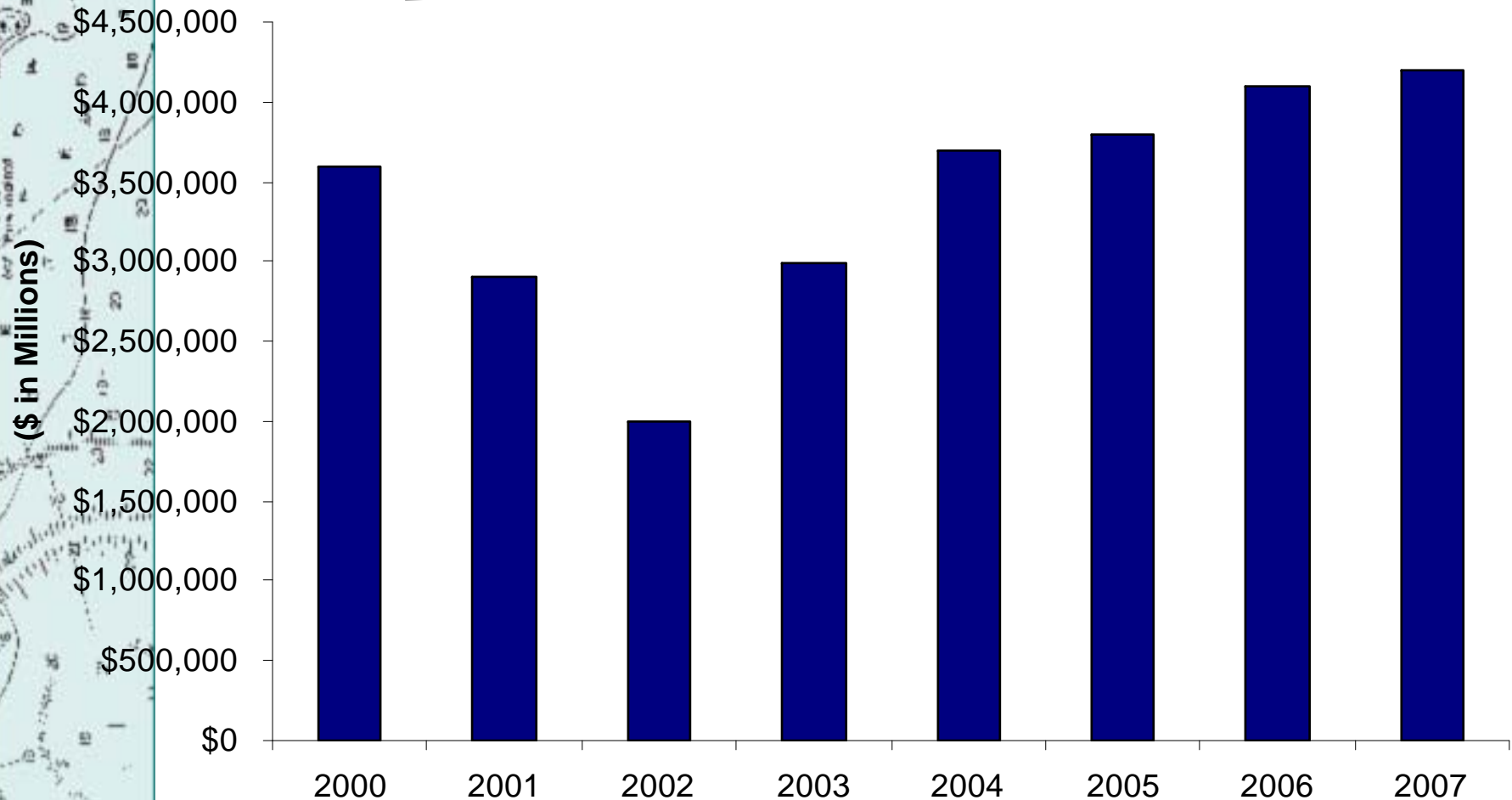
U.S. Venture-backed IPO Activity (NYSE; NASDAQ)



NASDAQ Total Market Value Still Recovering ...

NASDAQ Total Market Capitalization 2000 - 2007

2000 – 2007 CAGR: 2.2%



Source: NASDAQ

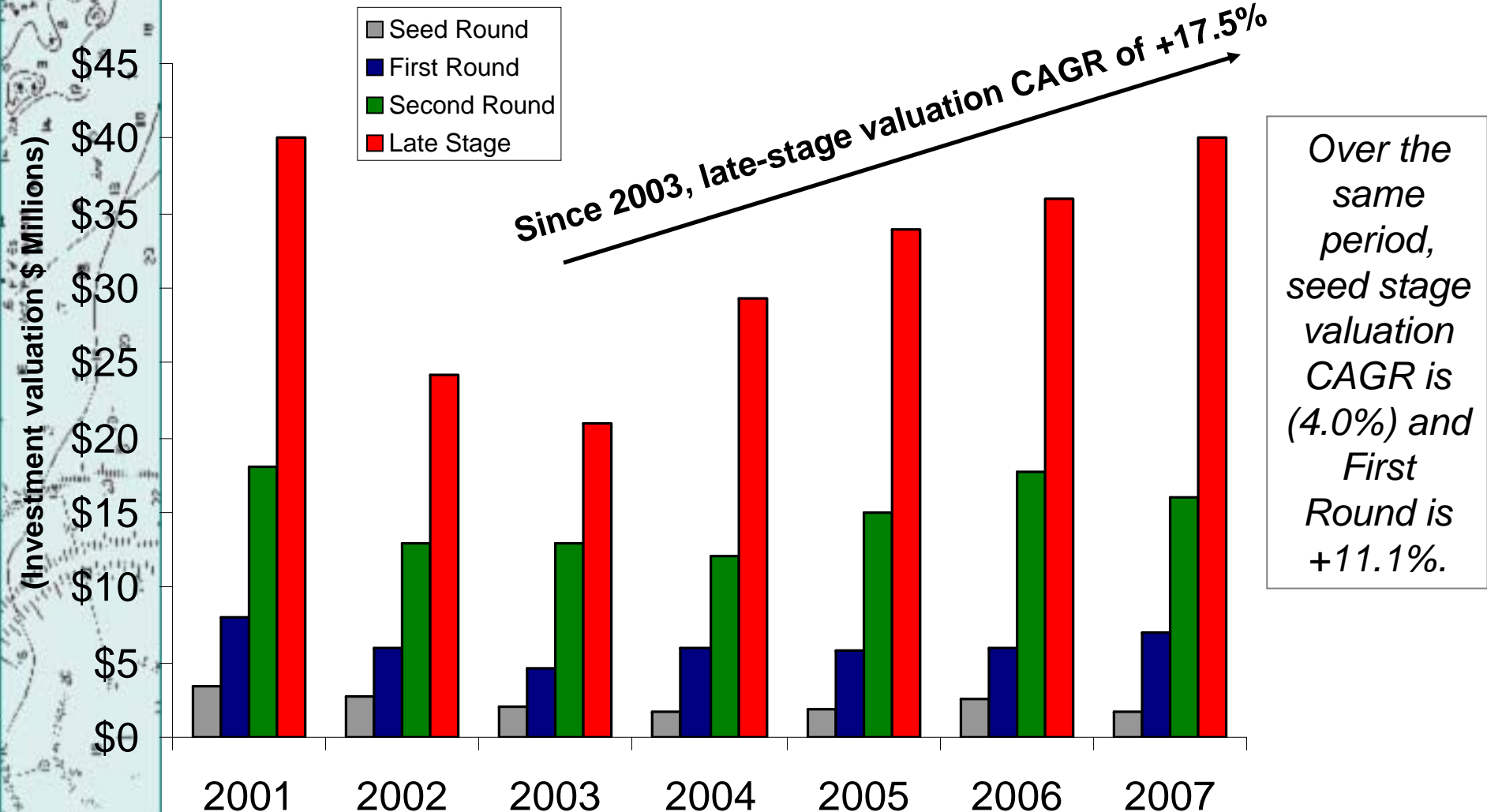
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Early-Stage Valuations Remain Reasonable

Venture Capital Valuation by Deal Stage 2001 - 2007



Source: VentureOne

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VC Returns Are Predominantly Below \$150 Million

Acquisitions Of North American Venture-Backed Companies¹

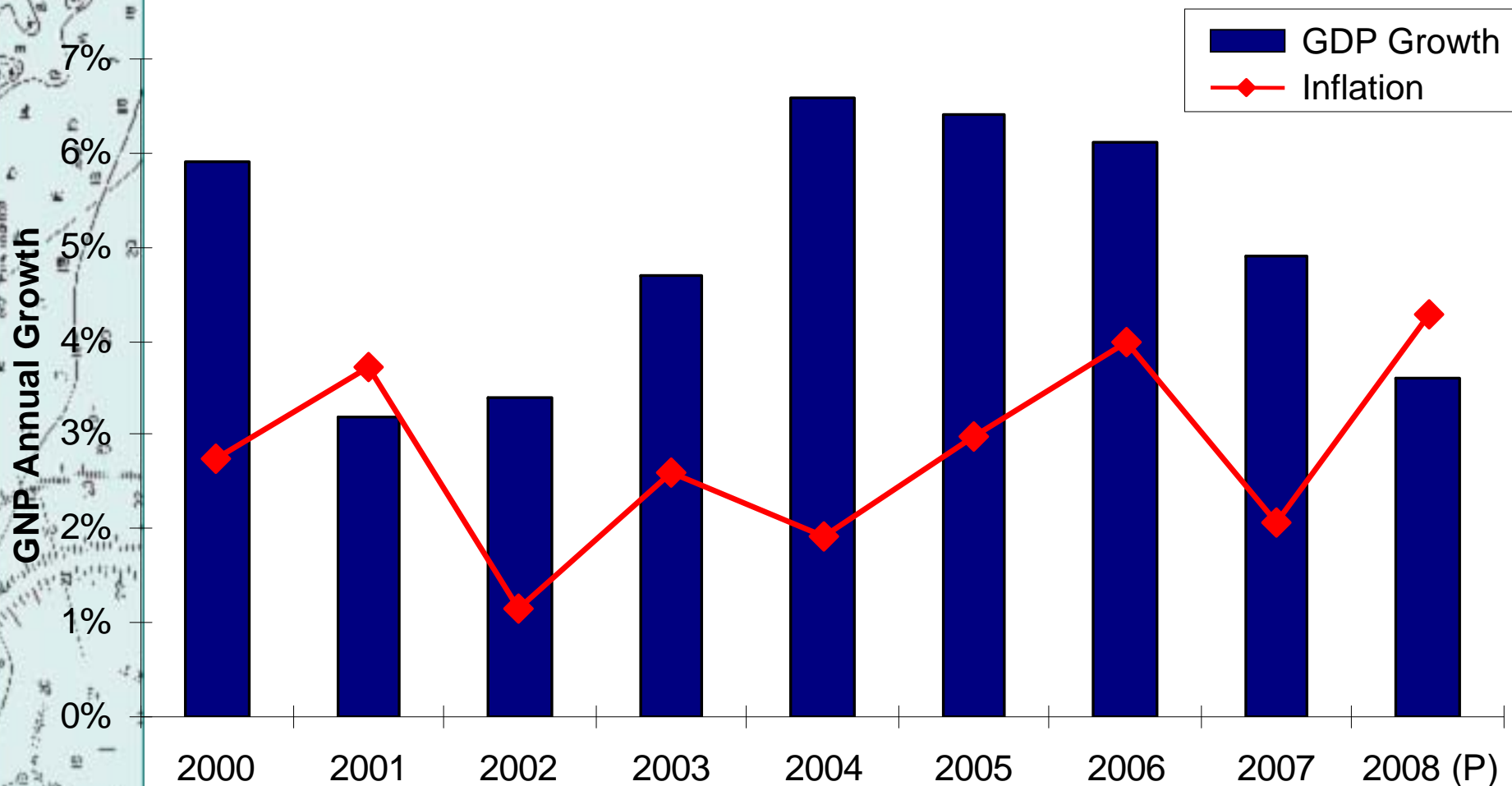
| | 2003 | 2004 | 2005 | 2006 | 2007 |
|-------------------------------------|------|------|------|------|------|
| \$20MM - \$50MM | 26 | 47 | 50 | 43 | 37 |
| \$50MM - \$150MM | 33 | 51 | 50 | 59 | 55 |
| \$150MM - \$250MM | 10 | 15 | 16 | 24 | 23 |
| > \$250MM | 7 | 12 | 25 | 25 | 39 |
| Total Number of Transactions | 125 | 125 | 141 | 151 | 154 |

Over the past 5 years, 70% of venture-backed M&A has been below \$150mm ⁽¹⁾

1) Data Source: Jefferies Broadview

Growth in U.S. Gross Domestic Product

Annual Gross Domestic Product (GDP) Growth (%) and Inflation (%)



Source: Bureau of Economic Analysis; 2008 projection from Congressional Budget Office, 1/2008. Inflation data from InflationData.com.

Blizzard of '78 and the Coming "Storm" ??



GrandBanks Capital Global Investment Strategy

In 2009, Capitalist
moved headquarters
from Toronto to
Boston. Boston



Global Strategy Helps Scale Portfolio Companies

Massachusetts-Based
GrandBanks Capital
Portfolio Companies

ember
corporation

OUTSTART
enpocket
 **GLASSHOUSE**

Ember acquired the
OUTSTART team in
Enpocket acquired
GlassHouse team
to build a global
team of sales-based
and client-facing
Lateral in 2004
Leaves in 2007
Consultants in 2004

Scaling Growth Through Acquisitions

Colubris

- Airwave (1/2004)
- Kiwi Networks (3/2004)
- Highwall / Mobilesec

Ember

- Cambridge Consultancy (Team) (8/2005)

Enpocket

- SkyGo (10/2003)
- Mobicus (1/2004)
- Landmat (10/2004)

OutStart

- SoftSim (1/2002)
- Concentric Visions (7/2002)
- Trainersoft (10/2002)
- Enterprise Knowledge Management (11/2003)
- Quelsys (5/2004)
- Participate Systems (11/2004)
- X-Pulse E-Learning GmbH (2/2007)

GlassHouse

- Auspex (6/2003)
- Technologies (5/2004)
- Finance Systems

Seven of our 15
portfolio companies
have scaled their
businesses
dramatically by
acquiring 30
companies

- Group (6/2004)
- ing (6/2004)
- ologies (1/2005)
- 05)

07)

2/2005)
5)

- Buddy Beacon (1/2008)
- Zync (2/2008)

SendMe

- SoLow.com (10/2006)
- Mbuzzy (10/2007)



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Navigating The Waters of Liquidity

