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• VC Fund Of Funds Mirador Charms Silicon Valley, Tech Execs Alike

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Access to top-tier VC funds continues to be tight, but one small fund of funds is wooing venture capitalists with VIP services like exclusive meetings with Fortune 500 executives and fancy dinners with rare vintage French wines.

Big-name venture capital firms are rarely welcoming new investors to their funds, relying on a stable pool of money from existing endowments, foundations and pension funds. But Mirador Capital has been able to establish itself by raising capital quickly from investors eager to gain valuable access with hopes of hefty returns. The fund of funds also has the ability to put that money to work in an efficient way.

Founded in 2004, Mirador Capital closed its first fund, Mirador Entrepreneurs Fund I, in October 2004, with less than \$10 million from individuals including operating executives and company founders. It has so far invested in about seven top funds, including Venrock Associates' fourth fund and Sevin Rosen's ninth fund.

"It was non-trivial to get Mirador into the fund, but it adds a lot to the partnership," said Nick Sturiale, general partner with Sevin Rosen Funds, adding that Sevin Rosen had done a "pretty draconian cutback in LPs."

With its first fund fully invested, Mirador is now back at fund raising with two new vehicles as it plans to invest in another five or six top funds that it has already identified but declined to disclose.

Mirador Venture Fund I is targeting about \$125 million from institutions this time, including funds-of-funds, pension funds, endowments and corporate pension funds. That fund will allow Mirador to make larger commitments, up to \$25 million per fund. With the previous fund, it invested about \$1 million per fund.

Mirador is also raising a follow on to its first fund, Mirador Entrepreneurs Fund II, with a larger target of \$25 million. That could close in the next three months, while the larger one is anticipated to close in the next six months.

"The venture community acceptance has been so quick," said Ken Hausman, managing director with Mirador Capital. "We've got to raise pretty quickly or we'll miss opportunities."

Hausman was previously a managing director at Osprey Ventures and also worked for Nasdaq Stock Market Inc. in his career. The other Mirador managing director is Robert A. Young, previously chairman and chief executive of Curl Corp., an Internet infrastructure development company. He also served for Dillon, Read & Co., later acquired by SBC Warburg, where he worked on corporate finance activities for information technology companies as well as on venture capital.

While raising its funds, Mirador continues to organize events such as round table discussions and small dinners, where executives of large technology companies meet together as well as with VC firms and their portfolio companies.

Often, a venture capital fund presents its whole portfolio to Fortune 500 executives, looking for constructive feedback on companies, potential partnerships or ultimately the opportunity to sell a company.

"The fact that we have a program where we bring portfolio companies, we are able to get an assessment on how those companies are doing," Hausman said, adding that although it is too early to talk about performance of the first fund, this is a good indicator of how well it is doing.

Other events such as the exclusive dinners involve a small group of Fortune 500 executives looking for a forum to discuss hot topics in their industry, whether it be technology or health care. Events are sponsored by investment firms or accounting firms such as Ernst & Young International. Hausman usually kicks off a discussion with current controversial tech issues, challenging executives to start a debate.

For example, recently Yahoo Inc. executives had a heated discussion with their Google Inc. counterparts at a dinner party, a rare occurrence in Silicon Valley. During the Consumer Electronic Show in Las Vegas in January, Mirador organized a dinner at the request of Philip Wiser, chief technology officer of Sony Corp., who was looking for a more private setting to meet and mingle with his peers.

"With Ken, it's a very efficient way to have a stream of productive conversations," Wiser said. "He coordinated a dinner for me at CES, which was very successful. My goal was to build relationships in the mobile entertainment for Sony." Wiser added he has presented Sony's perspective to a couple of venture capital firms, highlighting the need for certain new technologies.

It's a clear departure from your typical limited partner, especially pension funds and endowments, which might occasionally make one valuable introduction. But their value added services are still a far cry from what Mirador offers.

LPs that provide such valuable value-added services are few and far between. Some investors looking to get a foot in the door of the best private equity funds have appealed to funds-of-funds such as HRJ Capital, run by Joe Montana and his former San Francisco 49ers teammates. Their connections in the sports world have helped them land a spot in high-caliber funds run by firms like Kleiner Perkins Caufield & Byers and Benchmark Capital. But Mirador believes it is taking its strategy even further.

"Their fundamental value of being a value-added LP really resonated," said Brian Ascher, senior principal with Venrock Associates, "and over time, they proved they really deliver." Ascher added some of his portfolio companies have signed new customers as a result of a Mirador event.

Another way Mirador lures top executives and venture capitalists to its events is by serving rare vintage wines such as a 1982 Lafite Rothschild and 1982 Grand Puy Lacoste.

"They roll out very interesting lists of very rare wines," said Sturiale of Sevin Rosen. "In the Valley, it's always a draw."

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