



"We do real engineering"

Dan Avida, managing partner at US venture capital fund Opus Capital, tells "Globes" what he looks for in companies, and why he thinks non-technology companies also have potential.

Batya Feldman 21 May 07 14:09

Opus Capital is a US venture capital fund which also invests in Israeli companies. Last year it invested a total of \$10 million in four such companies [C-nario](#), a developer of digital signage solutions, which recently raised \$5.5 million, [Kidaro](#), a developer of enterprise security software which recently raised \$10 million, cellular commerce solutions developer [Hingi](#), which has raised \$3.4 million in seed investment, and web-based voice applications developer [Pudding](#), which recently raised \$3.5 million.

Opus Capital manages a venture capital fund of \$280 million, which it raised a year ago. The company manages \$1 billion in capital, including the capital and portfolio of Weiss, Peck & Greer Venture Partners. Opus was founded by Gill Cogan, formerly West Coast venture capital operations manager at Adler & Company, Carl Showalter, former VP worldwide marketing at Juniper Networks, and Issac Applbaum, founder and former CEO of Concorde Solutions Inc., Ken Elefant, formerly senior associate at Battery Ventures, and Dan Avida, founder and former president and CEO of Dacru Inc. which was sold in 2004 to Network Appliance Inc. (Nasdaq: NTAP) for \$270 million. Cogan, Showalter, Applbaum and Elefant were all previously partners and associates at LightSpeed Venture Partners.

An Israeli partner would be preferable

Speaking to "Globes" during a visit to Israel last week, Avida said that four out of the funds' ten general partners and associates have an Israeli background.

Globes: Does the fund allocate a specific amount for investment in Israeli companies?

Avida: "The aim is to invest in Israeli companies. We have an allocation, but we would rather not disclose it, since it is flexible. In any event, we prefer to invest together with Israeli partners, and so far we have made joint investments together with [Carmel Ventures](#), [Genesis Partners](#), and [BRM Capital](#). We invest because we feel it's important to invest in Israel and because we're involved in what's happening here. In addition, we can also have an impact on the companies' development."

Avida set up his first company when he was 19. "I was the best entrepreneur of all back then. I knew it all. I was studying at the Technion Israel Institute of Technology during the course of my service in the IDF as an academic reserve, and in 1982, I founded a company together with a partner, and the first customer was a Haifa taxi firm. I recall that we offered it a software package for \$3,000, while the rival offer was \$100,000."

What made you decide to set up Opus?

"I've known Gill Cogan for 16 years. I joined Network Appliance after it acquired Decru, but I knew that I wasn't a good employee - for me staying in a large corporation was like staying in the army. I'm not cut out to be managed, so I didn't consider joining an existing fund either. I preferred to start from scratch with Gil and raise the fund together."

Which types of company are you interested in?

"We're not interested in nanotechnology or the various medical fields. We're interested in early stage companies, since this is the right time to enter. If you want to have an influence on a company's DNA it will be more complicated at later stages."

Avida adds that Opus Capital is also launching buyout activity. The fund will invest in non-automated companies with the aim of upgrading them technologically. Opus looks to make a handsome exit after their subsequent increase in value.

Why would a venture capital fund be interested in non-technology companies?

"It is rare to find companies on the West Coast that haven't yet computerized, but if you go deeper into the state, you find good companies where the integration of advanced technologies could upgrade them a level and boost their sales. We're presently building the team to work on this. The aim is to create value, not from financial-economic engineering, but from real engineering. The investments will be slightly leveraged. There's a momentum in the market, and we believe that we're strong on technology and have advantages that can be put to use. Most of the people in the buyout industry are from the finance sector. We, on the other hand, are a team of people with operational backgrounds."

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