

W Capital Invests in Deal

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Last week, New York-based W Capital Partners announced it made a venture investment in a portfolio company from one of its secondary buys.

Torrance, Calif.-based Primarion announced that it raised more than \$22 million in a Series D round of venture funding. Previous investors Accel Partners, APV Technology Partners, Lehman Brothers and Intersil Corp. provided the bulk of the funding, according to documents filed with the Securities and Exchange Commission. Delta International Holding, a unit of Taiwanese company Delta Electronics, also invested in the Series D round.

Primarion provides mixed signal integrated circuits that enable digitally controlled optical links for computing, networking and storage.

W Managing Director David Wachter says that the deal is one that highlights the benefits for investors to sell on the secondary market. If a venture investor is not going to be able to provide follow-on funding for a portfolio company in subsequent venture rounds, then it's better to sell the interest in that company on the secondary market, rather than let one's investment become diluted. Wachter says that the value of the seller's investment in Primarion would have dropped dramatically had it not sold its stake to W Capital. Primarion has raised about \$108 million to date.

W Capital Partners acquired a stake in Primarion when it purchased the venture portfolio of a previous, former company investor. While W Capital Partners does not disclose the names of its sellers, a Primarion spokesman says that the firm came to be an investor in the company through a purchase of Koch Ventures' portfolio.

W Capital has made more than 10 primary investments in companies that it acquired through its direct secondary portfolio buys. It typically takes board seats or observer seats depending on the company and the size of the investment, either primary or secondary. The firm will take an observer's seat on Primarion's board. Founding partner Stephen Wertheimer manages the investment.