

New VC firm in town operates a bit differently

August 8, 2005 (by Andy Giegerich) -- Portland's newest venture capital firm is hardly a run-of-the-mill touter of unknown startups. Which isn't to say that Blueprint Ventures, which has tabbed Portland as its Northwest base, avoids early-stage funding. It just does it differently.

San Francisco-based Blueprint, led in the Northwest by Intel Capital veteran Jim Huston, specializes in building startups based on technology company spinouts, harvesting existing and often dormant intellectual property into tangible products.



The tactic, Huston said, allows startups to grow more quickly and less expensively, since the capital doesn't need to seed undeveloped ideas. Plus, parent companies can theoretically create profitable divisions without fully seeding the ventures themselves.

"It's not about stealing the family jewels here, and it's not going to work for just anyone," he said. "And when we say spinouts, we don't mean working with three guys who leave Intel and a year later, need venture backing. We mean working with companies to take their underutilized technology and turn it into assets."

Blueprint works mainly with large information technology companies to find spinout possibilities. Huston said he'll actively seek investment opportunities from such Oregon-linked companies as Intel Corp. and Hewlett-Packard Corp.

The very involvement and participation of a parent company as, effectively, a partner makes Blueprint unique, Huston said. He believes just one other firm in the country uses the tactic as much as Blueprint.

Blueprint, though, has consistently converted the intellectual property into successful divisions. Two examples include LanDesk Software, a management software provider for medium and large companies that spun out from Intel, and Platform Solutions, a Fujitsu Corp. spinout that creates mainframe data centers.

Huston said the strategy would make sense for telecom companies looking to reverse their recent research and development tailspins.

"During the post-bubble collapse, a lot of telecom companies got a lot of venture backing and had a good chance" of succeeding with new products, Huston said. "But the entire telecom business was in a freefall. There was a buyer's strike, and companies with good technology were failing.

"To me, it was an eye-opener of how much good technology gets stranded, and not just with failed startups but with bigger corporations that were trying to license their patents."

Nine-year-old Blueprint has developed more than 60 spinout ventures. The firm targets investments requiring \$25 million or less of equity financing.

David McFeeters-Krone, president of Intellectual Assets, a Portland-based intellectual property consultant, said Blueprint's strategy seems sound on the surface.

"Let's say you're Intel and you come up with a great product idea, but you're not willing to devote your resources to it because it could decrease your margins to some degree," he said. "That's like winning the war but losing the battle. ... A lot of people could make a lot of hay" out of the resultant products given the right investment, he said.