

The Power of One **George Hoyem, Managing Director, Blueprint Ventures**

As any partner in a small private equity firm can attest, responsibility for the management of the firm's affairs often falls to the deal partners. South San Francisco venture capital firm Blueprint Ventures has an asset in George Hoyem, who takes his responsibility as the head of the finance and back-office operations as seriously as he does his role identifying and nurturing early stage IP spinouts, Blueprint's specialty. PEM recently spoke with Hoyem about how he manages the wearing of at least two important hats at firm.

Outside of investing, what are you responsible for at Blueprint?

Oversee all aspects and have primary responsibility for back-office operations. This includes capital calls and distributions, quarterly and annual reports, investor relations, and management company budgeting and accounting.

What are some of the challenges of overseeing the finance function at a small firm?

Overseeing finance at a small venture firm is challenging because I must think not only about the high-level strategic financial issues but also about expense and budget items at a low level of detail. In larger firms, in-house back-office staffs are often asked with the less strategic responsibilities. Since I handle both, it is important that I approach all financial issues with this dual perspective.

Of all the responsibilities you have, which area ends to take up more time, or does it vary according to what cycle of the fund you are in?

Compiling and reviewing the financials for the LP's quarterly and annual reports consistently takes up a good portion of my time. However, most of my other finance responsibilities vary depending on the cycle of the fund. Early in the fund's cycle, my finance responsibilities are concentrated on fund structuring and closing. In the middle of the fund's cycle, I spend time on capital calls and structuring investments for new portfolio companies. Near the end of the cycle, I focus on follow-on financings, exit analysis, and distributions to LPs.

How do you split your duties between the finance function and the investment side of your firm?

Blueprint is a small enough firm that I can switch between the finance function and investment function seamlessly. Many of my investment

activities have long time horizons, such that it's easy to intersperse my finance responsibilities when my investment responsibilities are less pressing. I find time to focus on my finance duties during the lulls in a several month due-diligence process or in between portfolio company board meetings.

How is your finance team structured? Do you have additional staff or outside help?

Blueprint handles the entire finance function in-house. Aside from me, we have a part-time controller that comes in the office once a week to help close the quarterly books, both for the management company and for Blueprint's portfolio. Our office manager also assists with the internal budgeting and administration on a day-to-day basis.

Are there specific responsibilities you have on the finance function side that are the result of being a venture capital firm with your specific IT infrastructure focus?

No, Blueprint's finance function is fairly typical of early stage venture capital firms. Our focus on IT infrastructure in particular does not alter our internal finance function.

What type of fund reporting and administration technology do you use? What emphasis do you put on technology at your firm?

We use AnalytX as our fund reporting and administration technology platform. Blueprint puts a major emphasis on technology to make back-office operations more efficient. We view AnalytX as an important element of fund reporting especially for institutional limited partners. Our existing technology infrastructure should ensure that our back-office operations can scale up to meet LP expectations as the firm grows over the next 20 years.

How directly are you involved in portfolio management and investor relations? How have you

chosen to address valuation guidelines in fund reporting?

I work in conjunction with the investment partners on portfolio management, in particular to determine when write-downs are appropriate. The investor relations function is also dispersed throughout the firm based on individual partners' existing relationships with particular LPs. For fund reporting purposes, Blueprint assumes conservative valuation guides by valuing companies lower than the most recent financing round if the general partner is cautious about a company's prospects but never higher than the latest financing.

How has working on the operations side of your industry helped prepare you for your multifaceted role in the firm today? What is your background with working in the finance function?

My operations experience at several large high-tech corporations has given me the discipline required to oversee the finance role at Blueprint Ventures. This corporate DNA ensures that Blueprint follows a structured and carefully thought out process, which is critical yet often lacking in smaller firms. I have been responsible for the overall P&L for a \$40 million group at major companies, including Verifone and HP. My past experience with finance has been instrumental in my day-to-day finance functions at Blueprint.

