

Central Florida lags in venture capital funding

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Central Florida's run in the venture capital sweepstakes ground almost to a halt in the second quarter as only one local company received money from the professional investment community, according to a new poll released Monday.

IAP Worldwide Services, a defense contractor based in [Cape Canaveral](#), was one of seven Florida companies to attract venture capital money during the quarter, according to the MoneyTree Report by PricewaterhouseCoopers and the National Venture Capital Association.

The contractor reeled in a multimillion-dollar deal to support the expansion of its work managing general services such as utilities, health care and food distribution for military forces in the war zones. Specific financial terms were not disclosed.

Based on data compiled by Thomson Financial, the survey tracks investments from professional firms representing wealthy financiers, who invest in cutting-edge enterprises. Though it is considered risk capital invested for the long term, the returns can be substantial.

Overall, Central Florida faltered in MoneyTree's most recent tally of venture capital. After leading the state in the past two quarters, the region trailed No. 1 [Tampa](#)-St. Petersburg, which had three deals together worth nearly \$17 million.

But Florida's statewide showing was nothing to brag about, either.

While venture investment in the U.S. remained level in the second quarter, Florida fell to 24th nationwide, with deals totaling \$28.3 million. Florida ranked 9th for all of 2007 and typically places in the top 15 each quarter.

Meanwhile, historic leader California dominated the newest poll, posting 411 deals worth nearly \$4 billion; followed by Massachusetts, 99 deals, \$698.6 million; New York, 66 deals, \$294.1 million; Washington, 44 deals, \$278.3 million; and Texas, 36 deals, \$256.9 million.

"Relative to other states in its size and business activity, Florida does lag somewhat," said Chester J. Straub, executive director of the Technological Research & Development Authority, a [Melbourne](#)-based state agency that works with emerging companies. "There are a number of efforts under way to address that."



Among those efforts are the state's Opportunity Fund, managed by Enterprise Florida and aimed at helping newer, early-stage companies, he noted. Florida's Legislature has also passed a law permitting the use of a portion of the state pension fund for venture financing.

There is also an increase in activity by so-called "angel" financiers -- wealthy individuals looking for higher return opportunities in the venture world, Straub said. Among those is an angel group based in [Winter Park](#). Such groups are not counted in the MoneyTree Report, but their contributions are growing in Florida, he said.

Experts acknowledged Florida has a long way to go to catch up. Nationally, investors put \$7.4 billion in 990 deals in the second quarter -- about level with the previous quarter, according to MoneyTree.

Despite the economic slowdown and global financial crisis, venture investment is on track to equal the \$30 billion mark of 2007, venture industry officials said.

"Venture firms are prepared to invest for 5 to 10 years and will stick with their companies through difficult times," said Mark Heesen, president of the National Venture Capital Association. "The relatively stable level of venture investment this quarter evidences that there are no shortages of opportunities for innovative companies."

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