



## Thinking Small

### ***New venture firm has a nano focus.***

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By Sean Wolfe

Many venture capital firms like to say they never invest in sectors, but in people. If that's the case, then the arrival of newly-minted venture firm NanoDimension should raise some eyebrows. The Cayman Island-based firm announced Wednesday it had closed its first fund at \$60 million to focus exclusively on nanotechnology investments.

NanoDimension is not only one of the few VC firms to focus exclusively on the nano sector, it also plans to comb Europe and the United States for deals, making it unique among its larger, more diversified rivals. NanoDimension founder and managing director Aymeric Sallin said his firm will look for companies with near-term opportunities, whether they be in hardware or life sciences.

"There's an explosion of opportunities in the field of molecular diagnostics," he said. "Thanks to what's happening in nanotechnology, you can have instruments with sensitivities that are orders of magnitude higher, and costs are decreased."

The new fund comes at a time when investors are finding nanotech investments increasingly attractive. New York-based Lux Research estimates VCs tucked \$650 million into nanotech startups in 2006, up from \$480 million in 2005. Deal sizes are rising too, with average investments up 19 percent to \$11.5 million in 2006.

Part of that growth is fueled by exit potential: nano IPOs have fared reasonably well in the public markets, raising an aggregate \$417.2 million in 2006. Another factor is the participation of top-tier Silicon Valley venture firms.

Last June saw a \$75-million third round of financing for Palo Alto, California-based Nanosolar, in which firms like Mohr Davidow Ventures, Benchmark Capital, and others placed their bets.

And this past January, there was a \$100-million fourth round for U.K.-based nano-display maker

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Plastic Logic, where heavyweights like Oak Investment Partners, Tudor Investment, and Amadeus Capital Partners joined in the financing.

Despite the sums being poured into nano, the sector's overall success rate could raise concerns for NanoDimension's prospects. Of the 143 companies Lux tracks, 9 percent have gone public or been acquired, 8 percent are dead or close to it, and 83 percent continue to chug along.

Another issue facing nanotech firms is a kind of favoritism, with the top 10 percent of venture-backed startups netting a whopping 43 percent of total investment, leaving other startups starved for cash.

NanoDimension's main limited partners include a pension fund for a Swiss bank and an unnamed scientific foundation. Given the size of the fund, Mr. Sallin said the firm will be forced to pick its bets carefully. "It's better to be small and follow each deal very carefully, than to have the pressure to invest in too many," he said.