



GENESIS *ventures*

Investor Presentation

September 1999

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Introduction

- \$50 million Internet seed fund
- Sponsored and co-managed by Innovacom
- A return to “traditional” venture capital investing

Mission Statement: Differentiation

With a focus on seed-stage investments, Genesis' primary competition will be angel investors, not established venture funds

Management Team

Genesis is Led by an Experienced Team

- Michael Spindler, Deepak Moorjani, Aymerik Renard
 - Strong track record of venture capital investments
 - Unique and valuable experience
- Complementary skills-sets
 - Seed/early stage venture investing
 - Late-stage venture investing
 - “Hands-on” management experience
- Team-based investment approach
 - Excellent working relationships

Management Team: Michael Spindler

- Michael Spindler
 - Active angel investor in technology sector
 - Most recently President, CEO and Director of Apple Computer (Nasdaq: AAPL), pioneer of the personal computing industry
 - Former board seats with Bertelsmann, Daimler-Benz and American Film Institute
 - Prominent industry executive. Appearances include lead member of US CEO delegation to G-7 and keynote at World Economic Forum in Davos.

Management Team: Deepak Moorjani

- Deepak Moorjani
 - Venture capitalist and investment banker with The Lodestar Group (SG Cowen)
 - Active investor in the technology sector including Entrust (Nasdaq: ENTU), LikeMinds (Andromedia), nBand Communications, and Epicentric
 - Wide range of advisory assignments in the technology sector. Clients have included Motorola, ST Microelectronics, Electronic Arts and Dassault.

Management Team: Aymerik Renard

- Aymerik Renard
 - U.S. investment manager for France Telecom's Innovacom venture capital division. Innovacom is sponsoring Genesis Ventures.
 - Early-stage investment record includes Four11 (Yahoo!), Tumbleweed Software (NASDAQ: TMWD), Intershop Communications (Neuer Markt: ISH), eFusion, Cobalt Networks, and Epicentric
 - Nominated as Who's Who of the Internet Community by The Industry Standard. Also Board of Directors of the Multimedia Services Affiliate Program

With a Proven Advisory Board

- John Seely Brown
 - Chief Scientist, Xerox and Director, Xerox PARC.
Director of General Instrument, Corning and Varian
- Leo Hindery
 - President and CEO, AT&T Broadband and Internet Services. Previously, President and Director of TCI.
- Prof. Ed Feigenbaum
 - Former Chairman of Computer Science Department at Stanford
- Brian O'Higgins
 - Founder, CTO and Director of Entrust (Nasdaq: ENTU)

Investment Focus

Business Model

- Focus: Series A financings with value parameters of \$2-5 million. Competition: Angel investors
- Will acquire 20% stakes and do “heavy lifting.” Active management participation, will require board seat
- Fund size: \$15-20 million per partner
- Investment focus: Internet-related software and communications

Focused on the Most Attractive Sectors

Venture Investments by Market

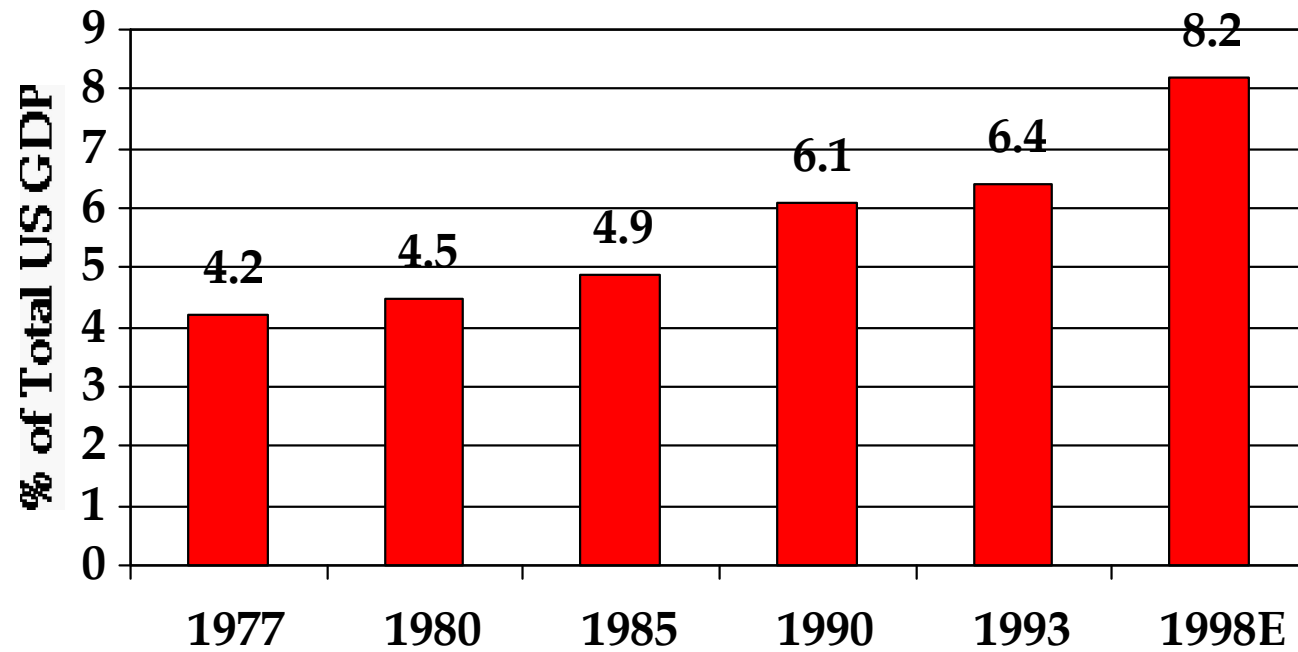
Technology Investments by Sector

<u>Industry</u>	<u>\$ Invested</u>	<u>% Total</u>	<u>Market Sector</u>	<u>\$ Invested</u>	<u>% Total</u>
Technology	\$7,739.35	61.7%	Communications	\$2,666.19	34.5%
Healthcare	\$2,599.39	20.7%	Electronics	\$379.05	4.9%
Retail/Consumer	\$1,913.85	15.3%	Info Services	\$1,210.49	15.6%
Other	\$279.84	2.3%	Semiconductors	\$364.08	4.7%
			Software	\$3,119.53	40.3%
Total	\$12,532.43	100.0%	Total	\$7,739.35	100.0%

Venture One Industry Monitor as of 3rd Q 1998. Results for 1998 have been annualized.

In the Expanding Technology Sector

Technology as Percentage of US



Source: U.S. Department of Commerce

Minimal Pricing Pressure at Seed Stage

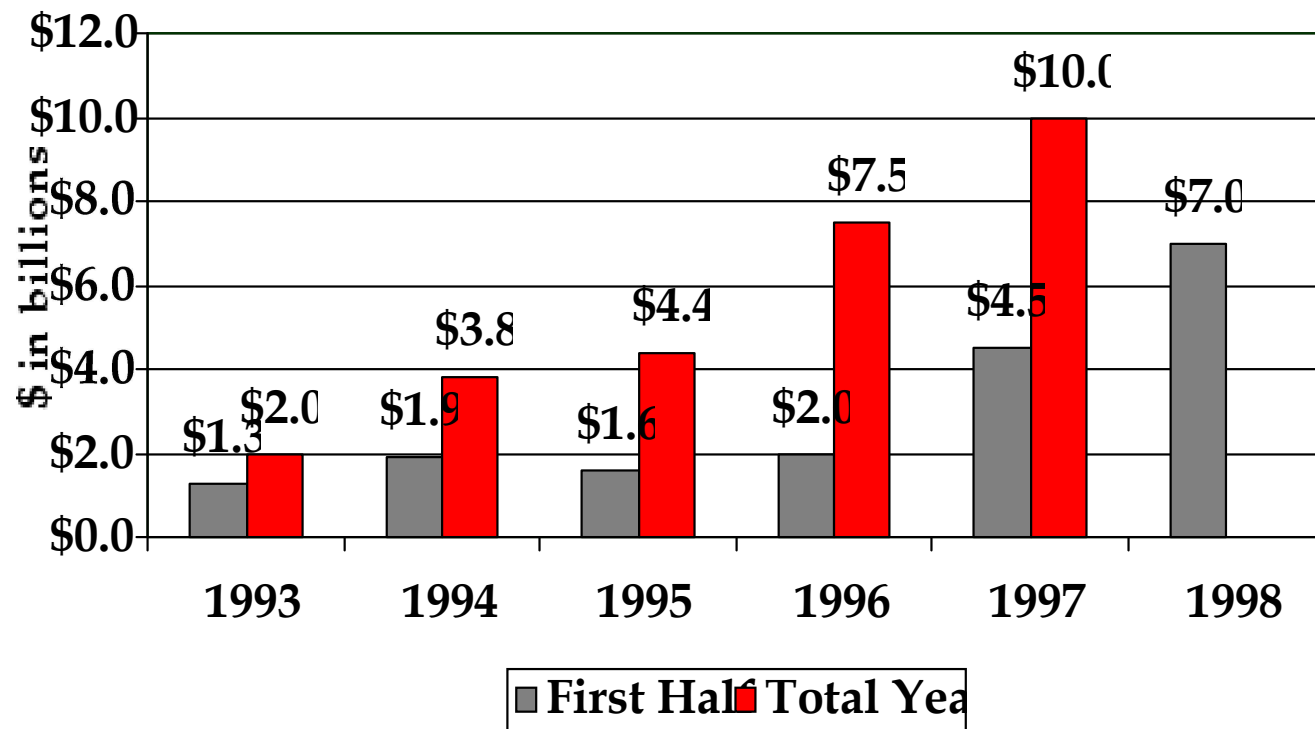
Median Pre-Money Valuations of Internet Companies

<u>Industry</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>CAGR</u>
Seed Round	\$2.0	\$2.4	\$3.0	\$2.5	7.7%
First Round	\$5.0	\$6.0	\$6.7	\$7.5	14.5%
Second Round	\$12.1	\$22.1	\$17.4	\$20.0	18.2%
<u>Later Stage</u>	<u>\$25.2</u>	<u>\$48.4</u>	<u>\$46.1</u>	<u>\$49.5</u>	<u>25.2%</u>
Total	\$5.9	\$10.0	\$13.0	\$17.3	43.1%

Market Opportunity

Increased Capital Inflows to VC Industry

Annual Commitments to VC 1

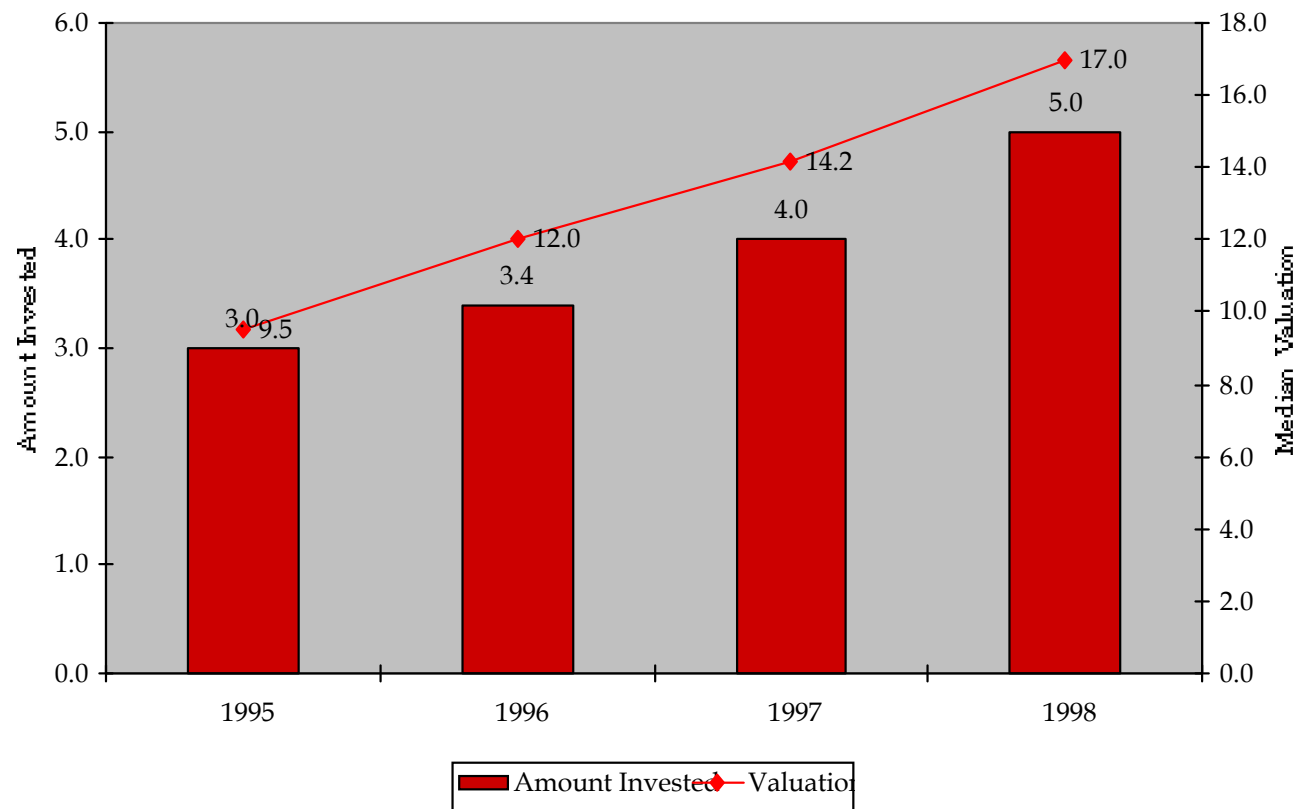


Result in Larger Venture Fund Sizes

Firm Name	Previous Fund		Current Fund	
	Date	Size	Date	Size
Battery	1/97	\$200	3/99	\$400
IVP	5/96	\$187	4/98	\$353
Kleiner Perkins	6/97	\$299	5/99	\$550
Mayfield	6/96	\$252	6/99	\$450
Oak	3/97	\$275	9/98	\$500
Summit	6/95	\$200	1/98	\$1,040
Average		\$235		\$550

Established funds now average \$550mm in size

With Larger Deals at Higher Prices



Causing a Lack of Seed-Stage Funding

\$ in millions	1997		1998	
	\$ Invested	% Total	\$ Invested	% Total
Seed	\$187	1.6%	\$188	1.5%
First	\$3,759	32.6%	\$3,633	29.0%
Second	\$3,180	27.6%	\$3,955	31.6%
Later	\$4,301	37.3%	\$4,711	37.6%
<u>Restart</u>	<u>\$105</u>	<u>0.9%</u>	<u>\$45</u>	<u>0.4%</u>
Total	\$11,532	100.0%	\$12,532	100.0%

Creating a Large Market Opportunity

- Irony: More venture capital money available
 - Less money to early-stage companies
- Economic incentives encourage larger funds
 - Encouraged by “fixed” management fee (no risk income)
- Investment process does not scale
 - Creates need to invest larger amounts per transaction
- **Venture capitalists now more like portfolio managers**

Conclusion

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- Market need for seed-stage VC funds
- Formed by experienced seed-stage investors
- Strong high-level operating experience
- Wide range of industry relationships and investment partners
- Ability to deploy capital quickly (identified investments)