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## In Good Company

**CORPORATE VC FUNDING'S ON THE UP. COULD YOU BE IN THE MONEY?**

**LOOKING FOR** an influx of both capital and credibility for your growing company? Try corporate America. Thanks to a resurgence over the past 18 months, corporate VC investment is at its highest level since the first quarter of 2002, according to the "Money-Tree Report" by PricewaterhouseCoopers and the National Venture Capital Association.

That's good news for companies like Virtual Iron, a Lowell, Massachusetts-based software firm that scored \$3 million in funding from Intel's corporate venture arm. "For an IBM, a Cisco or an Intel, it's hard to be innovative and also manage your business against quarterly results," explains Mike Grandinetti, Virtual Iron's chief marketing officer. "So they're looking to young venture-backed companies for R&D and product development."

That doesn't mean corporate venture funding is any more accessible than traditional VC capital, notes Virtual Iron's founder and CTO, Alex Vasilvsky. "It's difficult for a small startup to get attention from a corporate investor," he says.

Indeed. Siemens Venture Capital, for example, limits itself to the three sectors served by its mother company, Siemens AG. "We have to deliver a value-



add to our company on two sides—financial return and innovation," explains Ralf Schnell, president and CEO of the German company's venture arm. "So we have the same expectations as VCs, but we also need investments to be an innovation tool."

For companies that make the grade, corporate investment can offer more than just funding. Says Schnell, whose firm has invested in more than 100 startups and 30 VC funds, "The value-add we offer is access to market and distribution channels that a company would otherwise need to build over time, and expertise in marketing and sales." —JENNIFER PELLET