

Keiretsu Forum offering start-ups a fast track to investors

Silicon Valley/San Jose Business Journal - August 19, 2005

by [Sonali Vepa Aatresh](#)

Four groups of presenters convene in the lobby of the Mountain View headquarters of Fenwick & West on a weekday morning. Some are skittish; others are poised -- or at least present a semblance of a calm business savvy oozing in every handshake. They carry laptops with precious Power Point slides that have been carefully whittled down to 10-minute presentations.

This isn't just any well rehearsed pitch these entrepreneurs are prepping for: Their assembled audience is a by-invitation-only list of Silicon Valley luminaries. A good showing could ultimately lead to exposure to approximately 365 potential investors in addition to a valuable network of resources nationwide.

This is Silicon Valley's spin on the "roadshow" concept. Here, North America's fastest growing angel investment group, the [Keiretsu Forum](#) (KF), allows entrepreneurs to navigate their way through an efficient process for reaching a community of private equity investors, venture capitalists and corporate/institutional investors.

The newest branch of the 10-chapter Keiretsu network kicked off a sold-out inaugural meeting with 100 attendees in October and since has held monthly meetings at Fenwick, also a Keiretsu sponsor. In addition, the founding chapter's meetings draw on its 150 members in the East Bay. The Silicon Valley chapter already has 27 members paying the \$2,500 annual dues and is slated to grow to 75 members by year's end and 150 the following year. The Bay Area presence of the Keiretsu Forum will be further bolstered with the September launch of a chapter in San Francisco while two new chapters will open in Seattle and Edmonton as well. The East Bay chapter has a waiting list of about six months, a factor in prompting the launch of the other chapters.

Founder and CEO Randy Williams runs the meetings with such passion and drive that he might as well carry business cards printed with "evangelist for business community." A firm believer in the Keiretsu spirit, Mr. Williams peppers the four-hour long meetings with reminders of resources available to everybody present, such as venture capital firms, sponsors, and members' domain expertise. At one point during a recent meeting, he even exhorted members to "reach out" and help the companies who had finished presenting to grow, even though they could not charge consulting fees as per the Forum's charter. He explains that he wants members to enjoy quality deal flow and synergies, which is part of the Forum's mission statement.

It is these highly prized synergies that can explain the record \$17.5 million the Keiretsu invested in 30 companies last year, with 20 of the fundings occurring in Northern California itself. This record number far surpasses investments by other groups such as [Band of Angels Venture Fund](#) and [North Bay Angels](#). Since inception, the Silicon Valley chapter has already invested in four fundings, including such ventures as [Voice Genesis Inc.](#) and [Novazone Inc.](#)

According to real estate developer and angel investor Stephen Belomy, the powers of the Keiretsu Forum were obvious in the decision-making process of the recent Novazone investment that closed in April, earning \$10.6 million for the Livermore provider of innovative ozone-based solutions to improve the safety and freshness of food and water. Mr. Belomy has been a forum member since 2002 and is a current member of the [Charitable Foundation Advisory Board](#). He served as a team leader during the due diligence process and noted the

extensive guidelines, such as intellectual property protection and establishing a presence in the marketplace, that forum members referred to when determining their individual investor decisions.

"The benefit of the Keiretsu Forum is the mindshare and swarm intelligence, terms coined by Randy... It provides a safe harbor because of the due diligence and enables investors to be more confident about decisions," Mr. Belomy explained. It took under two months from the time of Novazone's presentation to receipt of the \$800,000 convertible debt which provided bridge money until the venture funding of \$6 million from Menlo Park venture capital firm [Foundation Capital](#) closed approximately six months later.

Another noteworthy angle to the Novazone investment was the involvement from Keiretsu sponsor Comerica. The bank sponsored the Silicon Valley launch in addition to being a key sponsor of all charitable events held by the forum. Rod Werner, senior vice-president of [Comerica Bank](#)'s Technology and Life Science Division and a forum member since 2001, introduced the potential investment to both the forum and Foundation Capital's general partner Warren Weiss, also a forum member.

Both Mr. Werner and Mr. Belomy also touted the forum's strong presence in the charitable arena, with close to \$600,000 given to 48 charities since 2001 and the Silicon Valley's chapter participation in four charities this year itself.

Sonali Vepa Aatresh is a freelance writer based in Saratoga.