



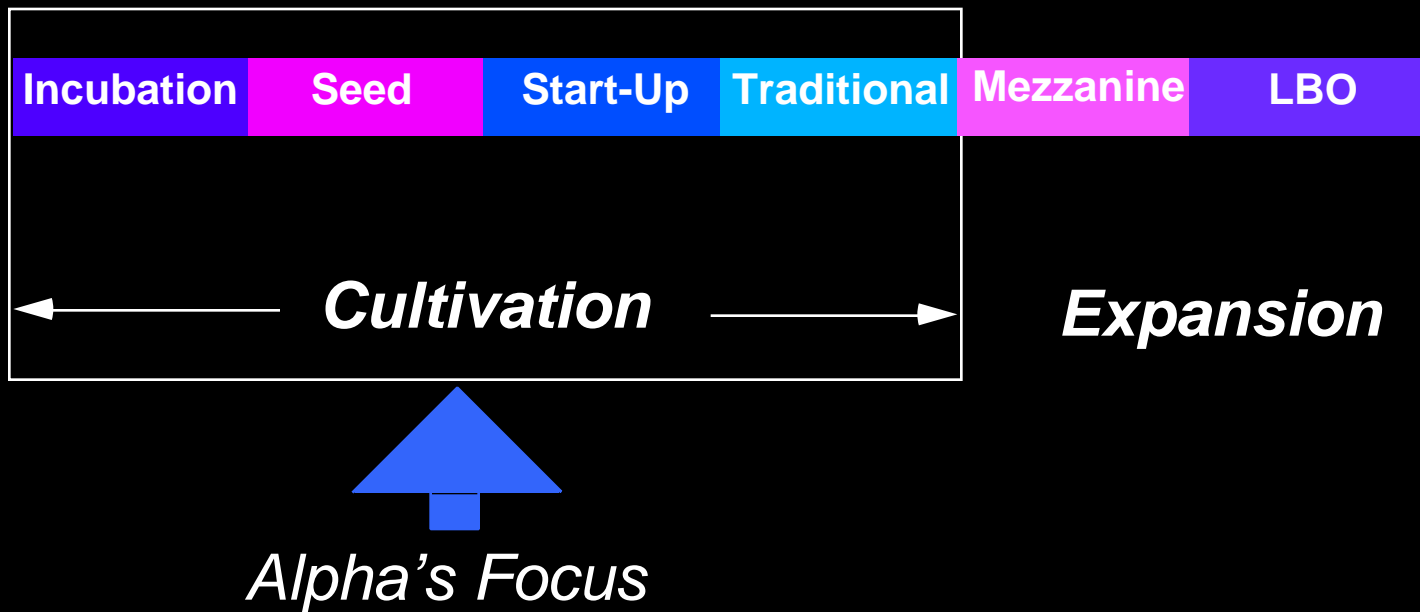
1990 Worldwide Developers Conference



Paul C. Ely

Alpha Partners
Venture Capital Seed Financing

The Venture Spectrum



Alpha Partners Is

- A seed venture capital investment firm
- Managed by five general partners
- Comprised of 4 limited partnerships: Alpha, I, SSF, II, III
- Funded to \$90 million by 30 institutional limited partners

Alpha Partners Is

- Concentrating in silicon valley
- Funding entrepreneurs in electronics and biotechnology
- Invested in 38 start-up companies
- Involved in building companies

Alpha Partners Is

- Active in growing company management
- Receiving about 200 qualified proposals per year
- Committing to 4 to 6 new investments per year
- Operates proactively with a focus

What Differentiates Alpha from Many V.C.'s?

Required to Invest	Alpha	Traditional
Differentiating Technology	Y	Y
Market Opportunity	Y	Y
Coachable Founder	Y	Y
Can Grow to be a Business	Y	Y
CEO Aboard	N	Y
Marketing/Sales VP Aboard	N	Y
Engineering VP Aboard	N	Y
Technology Proven	N	Y
Market Tested	N	Y
Key Customers Identified	N	Y
Revenue Under Way	N	Y
Profits Apparent	N	Y
\$50 Million Revenue Apparent	N	Y
Liquidity Path Identified	N	Y

The "Gap" and Thus The Distinction

Criteria

Factors

- Significant and growing markets
- Distinctive product lines, proprietary and innovative
- Reasonable valuation

Influence

- Growth to substantial size
- Sustainable competitive edge
- Opportunity for substantial returns

Criteria

Factors

- Entrepreneurs who understand a successful business needs experienced management team
- Location within an hour's drive of Menlo Park

Influence

- Alpha and founders work together as a team
- Conservation of valuable time resources

Preparation For Business Plan Discussion

- How well do you understand the business?
 - Market opportunity
 - Market, size, growth
 - Current solutions
 - Market resistance to change

Preparation For Business Plan Discussion

- How well do you understand the business?
 - Distribution channels
 - Capital formation requirements
 - Market infrastructure
 - Market segmentation

Preparation For Business Plan Discussions

- How well do you understand the risks?
 - Market window
 - Market dynamics
 - Market conditioning
 - Competitive positioning

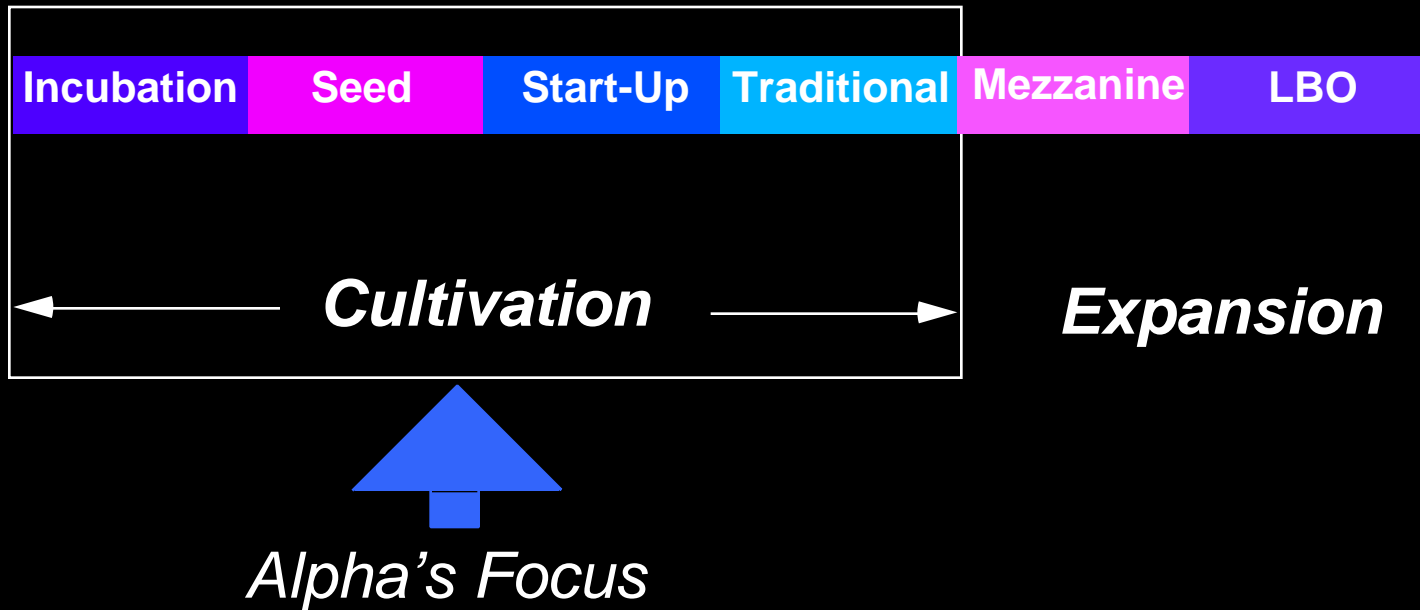
Preparation For Business Plan Discussions

- How well do you understand the risks?
 - Cost of sales
 - Technology development
 - Cost and quantity issue of manufacturing

Preparation For Business Plan Discussions

- How well are you positioned to execute your plan
 - Relevant functional experience
 - Successful record of accomplishments
 - Management team experience
 - Aware of capabilities and limitations
- What advisory resources can you leverage

The Venture Spectrum





The power to be your best