



Newsletters

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Wasatch Venture Fund Second Quarter 2006 Newsletter

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Welcome to the Second Quarter 2006 Newsletter from the [Wasatch Venture Fund](#) team. Wasatch continues on in its 13th year of investing, with a focus in the information technology and life sciences sectors. Wasatch has \$160 million of capital under management, thirty-seven current portfolio companies and offices strategically located in underserved markets for venture investing - Salt Lake City, Phoenix and Santa Fe.

In the quarter Wasatch made one new investment and participated in two new rounds of financings.

New Financings



S5 Wireless, based in Salt Lake City, has created wireless solutions that provide extremely long range, low cost and low power wireless technology for telemetry and tracking applications.

Follow on Financings Include:



Lignup is the leading provider of converged communications solutions. The Series A financing was led by the Entrepreneurs Fund.



Pivot is a leading provider of technology solutions and the developer of IMTrader, a revolutionary securities trading platform that combines instant messaging and multi-network electronic trading. The Series B was led by Softbank Capital and closed in early April.

Highlights from our Portfolio



DivX announced that its Web Player 1.0 — available for Mac OS X and Windows — has been downloaded more than a million times in

Portfolio Company Specials!!!!

Get 2gb of free online backup through Mozy. It's safe, secure and runs in the background while you are working. Plus everytime you refer a friend, both of your accounts increase in free storage. <http://www.mozy.com>

Create your own family website and family tree with MyFamily.com. It provides a world of genealogical applications at your finger tips. www.myfamily.com

Any pilots interested in the latest drop-in multi-function airplane display devices should check out Aspen Avionics. www.aspenavionics.com

Doctors can easily keep in touch with their patients through automatic or personalized reminders that can be received on any mobile devices. www.smilereminder.com

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Wasatch Events

Where we Have Been

- Kent attended the NVCA Conference in San Jose on April 26-27.
- Mike was a panelist at the Perfect Venture Conference in New York on April 5-7.

Where You Can Find Us Next:

- May 10&11 – TVC Conference in Albuquerque, NM. Wasatch will be hosting the Conference Luncheon on May 11 with featured speaker Steve Eichenlaub from Intel Capital.
- May 13 – Todd will be attending the MountainWest Capital Network Directors & Officers Retreat.
- May 17 – Rachel will be attending the Innovation Award Luncheon.
- May 22 – Katie has been asked to be the



the first week of its release. The free Web Player enables you to watch DivX-encoded content direct from a Web page.



Tricipher is a leading provider of Future Proof Risk Based Authentication Solutions, has released version 3.2 of its flagship solution, the TriCipher Armored Credential System. TACS 3.2 is the first authentication systems to integrate with fraud detection systems by sharing authentication type and other login information and communicating with them in real time on individual transactions to step up to stronger authentication when needed.



Exagen has opened a business office in Austin, Texas. Establishing an office in Austin will allow Exagen to "take advantage of the city's biotech labor pool as we move toward commercializing our first products," noted James McClintic, Exagen's CEO in a prepared statement.

Interview with Jordan Greenhall, CEO of DivX Networks



Jordan Greenhall is Chairman and CEO of **DivX** along with being one of the original founders. He has been able to grow the company from a few employees to a recognized digital entertainment company. This week DivX filed with the registration statement for the initial public offering and Jordan Greenhall was listed in the AlwaysOn Power List, a list of top industry people to watch.

1) Can you give our readers a brief description of DivX?

DivX is trying to make media better by using both technology and community. We started by creating a high-quality video format that millions of people used to share video over the Internet. Then we worked with consumer electronics companies to create products that

allowed you to watch DivX on your TV. Now we're building a place where the people who create media and the people who watch media can come together in a community around content. Ultimately, we want to build a future that lets everyone engage in a more direct and meaningful digital media experience than is possible today.

2) What was the inspiration behind the company?

From the beginning, we were interested in the potential of digital technology to change the experience of media, and we saw a path where DivX could in many ways serve as a catalyst for this new kind of experience, but only if it was guided in the right way. There are a lot of layers and phases to the process, but the company remains guided by that original inspiration.

3) DivX is making big strides with a recent 1m downloads in the Web Player 1.0 and an award at AlwaysOn. What is driving the recent success?

The American market is starting to see the value of DivX in the way that other regions around the world have recognized for many years. In Western Europe, for example, it's difficult to buy a DVD player from any manufacturer that isn't DivX Certified, and that's been the case for awhile now. The U.S. market is starting to move in that direction, and with the explosion of online video and "Web 2.0" sites, consumers are realizing that DivX is really the only easy, seamless way to create and share all their media across any kind of device or platform, not just limiting it to a PC or one kind of portable device. The ecosystem of products from any manufacturer is unrivalled—there are over 35 million DivX Certified devices out in the market that let you play DivX video on your television, on the road, in the car, etc., and the market is starting to recognize the significance and value of that ecosystem.

4) Can you explain your recent partnership with Google?

Google is one of many partners we're working within this ecosystem of software, content and consumer electronics that guides the digital media experience. Google recognizes the value of getting their content off the PC and into this ecosystem of devices and platforms, and that's what

Director of the Nano Network of New Mexico. The next meeting and presentation will be on May 22.

- May 23 – Todd and Rachel will be attending Tech Tuesday sponsored by the University of Utah Technology Commercialization Office.
- June 10 – Katie will be attending the American Diabetes Association annual conference in Washington D.C. for the Veralight board meeting.
[More ...](#)

Albuquerque, New Mexico listed as the #1 Place to Start A New Business

Forbes listed Albuquerque as being the #1 place to start a new business. The household income increased by 19% over the past two years, the population is highly educated, and the cost of doing business is not only 24% lower than the national average but also lowest in the country. Wasatch is happy to be a part of this New Mexico market. [More ...](#)

Kent Madsen participated in Utah Economic Development Roundtable

Kent Madsen was one of the eleven business leaders to discuss the current Utah economic boom and its longevity. Topics that were discussed included growth components, the next economic steps, role of the technology industry, plus much more. [More ...](#)

News: DivX, Inc. Files Registration Statement for Initial Public Offering

SAN DIEGO, Calif. - May 5, 2006 - DivX, Inc. today announced that it has filed a registration statement with the Securities and Exchange Commission for an initial public offering of its common stock. The offering is expected to include shares sold by DivX and by certain of its stockholders. The number of shares to be offered and the price range for the offering have not yet been determined. [More ...](#)

Technology Trends

Top ten trends listed at the Churchill Club's eighth annual "Top Ten Tech Trends" debate:

- 1) More investment in green startups
- 2) Voice becomes free within data networks
- 3) Electronic technology changes from a growth engine to a commodity
- 4) China to become low-cost world innovator
- 5) Microsoft, SAP, and Oracle will lose dominance in software
- 6) U.S. on path to following the third-world
- 7) Biological sciences become popular in colleges
- 8) Most compelling technologies will help save time
- 9) Wires will disappear from the home network

we offer.

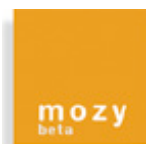
5) What products and updates can consumers look forward to seeing in the next year?

We're moving forward on all fronts—software, content and consumer electronics. On the technology front, consumers can expect continued innovation from our core set of digital media products—high-quality, easy-to-use products that let anyone create, play and share digital media. We have some very exciting plans specifically around content that will reach fruition later this year, bringing value to content creators and consumers. And on the consumer electronics side, we're continuing to expand the ecosystem of DivX Certified devices, from DVD players to connected devices, portable players and even encoding devices like digital still cameras that let you easily capture high-quality DivX video.

6) What value has Wasatch brought to DivX?

Wasatch has been a great partner—they understand our vision and have provided valuable support and consultation along the way.

Recent Awards



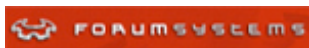
Mozy received the PC Magazines Editor Choice Award in April. They have also been chosen as one of the twenty-one high-tech finalists selected for the fourth annual Stael Rives Utah Innovation Awards



Cogito has been chosen as one of the twenty-one high-tech finalists selected for the Innovation Award in the fourth annual Stael Rives Utah Innovation Awards.



DivX was announced as the OnHollywood list, a power list of the top digital media and entertainment companies.



Forum Systems was chosen as Network Computing's Most Outstanding Product of the Year, an award that showcases the best IT products and services of the year.



Medsphere has been listed as one of the top 200 contenders for the annual "Red Herring North America" list.



Jordan Greenhall, CEO of **DivX**, was listed on the recent AlwaysOn Power List under the Fast 20 CEO category.

Kent Madsen Spends the Day with Warren Buffett



Kent Madsen, Managing Director at Wasatch, traveled with the University Venture Fund to spend the day with Warren Buffett. The University Venture Fund is a student ran venture capital firm of which Kent sits on the board. Pictured are board members Kent Madsen and Jim Sorenson with Warren Buffet.

10) Design will count more than ever
[More ...](#)

News: NASA Selects Linux Network Supercomputers for Earth and Space Sciences Research

Computer Sciences Corporation (CSC) has ordered a Linux Network Custom Supersystem for the NASA Center for Computational Sciences (NCCS) at the Goddard Space Flight Center. The new system is designed to dramatically increase throughput for applications ranging from studying weather and climate variability to simulating astrophysical phenomena. The system will supplement the NCCS architecture with improved price/performance and is designed to scale to as many as 40 trillion floating-point operations per second (TFLOPS) in its full configuration. [More ...](#)

News: Genealogy Co. MyFamily Buys Encounter Technologies

MyFamily.com Inc., which is best known for its line of genealogy software and Web services, has acquired Georgia-based start-up Encounter Technologies. [More ...](#)

News: Hospital Provides Update on Open-Source Move

MARCH 02, 2006 (IDG NEWS SERVICE) - Midland Memorial Hospital hopes to have the bulk of its electronic health record (EHR) system up and running on open-source software by late spring or early summer, according to David Whiles, the Midland, Texas, facility's information systems director. Operating across three campuses five miles from each other and linked by high-speed networks, Midland Memorial is a 371-bed county hospital run as a single organization. Midland Memorial is also the first facility on track to fully implement OpenVista software and services from Medsphere Systems Corp. [More ...](#)

News: TriCipher, Inc., Names Andy Cottrell as Chief Technology Officer

TriCipher, Inc., a leading provider of Future Proof Risk Based Authentication Solutions, today announced the promotion of Andy Cottrell to chief technology officer. Cottrell had been vice president of research, development and operations for TriCipher since joining the company in 2005. In his new role, Cottrell will continue to oversee development of the company's innovative authentication technology, which is based on 25 issued and pending patents. Cottrell will now be responsible for setting the company's technology strategy,



working with strategic partners and representing TriCipher in industry groups such as the Trusted Computing Group and the Anti-Phishing Working Group. [More ...](#)

NEWSLETTER SIGNUP

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