



## Newsletters

11/7/2005 12:00:00 AM

### Wasatch Venture Fund Fourth Quarter 2005 Newsletter

#### Wasatch Venture Fund

Wasatch Venture Fund is a leading early-stage technology venture capital investor with offices in Salt Lake City, Utah; Phoenix, Arizona and Santa Fe, New Mexico. Since its founding in 1994, Wasatch has funded over 70 companies and has more successful exits than any other fund in the Southwest region. Wasatch brings more than money when working with entrepreneurs and technology companies. Wasatch brings experience, a global network, top co-investment partners and industry advisors that can help its portfolio companies grow and succeed. Wasatch is an affiliate fund of Draper Fisher Jurvetson.

#### Recent Portfolio Awards

One of the most rewarding aspects of venture investing is helping companies achieve revenue traction and profitability. Wasatch's portfolio companies have excellent entrepreneurs who are outstanding business leaders in difficult economic times. Wasatch recently sponsored a recognition event in Salt Lake City that honored the 100 fastest growing companies in Utah. Five Wasatch portfolio companies were honored at the event including **Fatpipe**, **Linux Networx**, **O'Currance**, **First Choice Solutions** and **Forum Systems**. Other Wasatch portfolio companies continue to receive recognition and industry awards including **Feed Management** receiving the AFIA Food Safety Innovation Award, **LignUp** being named on the prestigious Pulver 100 list, and **Tricipher** being awarded a authentication contract in Britian by Advanced Payment Solutions. Wasatch has an outstanding portfolio with exceptional underlying value. Wasatch is dedicated to working with all our energy and resources to help our portfolio companies succeed.

#### New Portfolio Companies

We welcome two new portfolio companies to the Wasatch family.



Berkeley Data Systems, Inc. was recently funded by Wasatch and they launched their beta product branded as Mozy at <https://mozy.com/>. Mozy is providing free file back-up for your desktop computer up to 2 gigabytes. The beta is open to the public and can be easily downloaded from the above address.



Veralight, Inc. ( <http://www.veralight.com> ) was also recently funded by Wasatch and is developing a new diagnostic platform to more effectively diagnos diabetes.

#### Upcoming Wasatch Events

November 7

DFJ Affiliate Meeting  
Half Moon Bay, California

November 8

DFJ CEO Summit  
Half Moon Bay, California

November 9

Todd Stevens will be on a panel at the Wayne Brown Institute's seminar on "How to Raise Money in Utah." Presentation from 4:30 until 6:30 at the Miller Center.

January 13 – 14, 2006

12th Annual Partner Meeting  
Deer Valley, Utah  
Jan. 13 – Meetings  
Jan. 14 – Skiing and Networking  
[More ...](#)

#### Community Events

November 2

UITA Industry Breakfast in Utah County  
"What Drives Our Business Success in Utah:  
Insights from Passionate Tech CEOs"

November 15

UITA Legal Clinic  
"VC Term Sheets: What Does It All Really Mean?"

November 16

UITA CEO P2P Forum  
"Strengthening the CEO-Board-Shareholder Relationship"

February 9, 2006

Wayne Brown Institute

For other recent financings, please check our last newsletter at:  
<http://www.wasatchvc.com/newsletters.aspx>.

## Interview with Larry Rigby, CEO of ZARS



Can you give Wasatch Newsletter readers a brief description of ZARS?

ZARS pharma is a specialty pharmaceutical company that gives new life to off-patent drugs by re-formulating or incorporating them into new, proprietary delivery systems. Our technologies include patented formulations, phase-changing topical skin creams and the use of controlled heat to improve the delivery of drugs through the skin. Our first three products are being developed for partners, Johnson & Johnson, Cephalon and another, yet to be announced. Our fourth product, ThermoProfen, currently in phase II, will be

the company's first opportunity to become a vertically integrated pharmaceutical sales and marketing organization. ZARS pharma currently has 45 employees and has raised \$42 million in equity capital.

You recently announced the FDA approval of Synera. What has this meant to your team and what are your plans to bring this product to market?

Synera is our first FDA approved pharmaceutical product, so it represents a significant milestone for our team in terms of validating our expertise in bringing drugs across the goal line. Our strategy is to out-license this product for significant fees, which can be used to develop our other products without diluting our shareholders. So far we have a number of interested candidates and hope to have it partnered by the end of 2005.

Can you give us an update of your product pipeline, in particular, TetraPeel, Titragesia and ThermoProfen?

Following Synera is TetraPeel, a product which we believe has a very good chance for FDA approval June 06. This product is a phase-changing cream that numbs the skin before painful skin procedures, such as the laser removal of hair, tattoos, wrinkles, spider veins, and varicose veins. The product will be sold by Johnson and Johnson into the target market of dermatologists. Titragesia is a transdermal drug delivery system that incorporates a fentanyl skin patch and a second component CHADD which is applied intermittently over the three-day patch to pulse the blood level of the drug. It will be the first product on the market to combine within one system the ability for long acting opioid pain relief as well as break-through pain episodes. ThermoProfen is a once a day drug patch plus CHADD product that will deliver local concentrations of the NSAID ketoprofen. ThermoProfen's goal is to put the drug where the pain is and avoid significant exposure to the GI tract and other potential side effects, as those recently witnessed with the drug Vioxx, a Cox2. The company believes that such a product would ultimately reduce the frequent, sometimes serious, side effects of NSAIDs and Cox2 medicines. Our new, patented phase-changing cream technology DuraPeel holds great promise for delivering drugs through the skin over larger surface areas and at lower cost than possible by traditional skin patches. This technology will be used to deliver drugs to fight acne, psoriasis, warts, and neuropathic pain, for example.

Investor Choice Conference

[More ...](#)

### Wasatch Welcomes New Portfolio Company CEOs

Wasatch Venture Fund welcomes three new portfolio company CEOs: James McClintic at Exagen, Tim Sullivan at MyFamily.com, and Mark Hoffman at Everdream. [More ...](#)

### Ernst & Young Q3 Venture Capital Results

Ernst & Young recently released their "Venture Capital Insights Report 2004 – 2005" which included the following facts:

- \$20.4 billion was invested in 2067 deals in the U.S. in 2004, representing an 8% change increase in dollar investment and no significant change in deals compared to 2003.

- The first quarter of 2005 posted 474 deals raising \$4.6 billion.

- Early stage investment in the U.S. picked up particularly in the connectivity product and wireless solutions companies in the communications segment

- The number and valuation of venture-backed exits increased.

- The median time between rounds decreased for the first time since 2000, indicating that companies are growing and again requiring cash faster, particularly in the early stage segment.

- The pace of venture-backed company closure slowed in all areas, suggesting that we are getting to a core group of quality companies with M&A and IPO prospects. [More ...](#)

### Press Release: VentureWire Highlights Wasatch Investment in Lumidigm

In light of increased concerns about homeland security, investors seem keen on new technologies that enable more accurate human identification. Lumidigm Inc., a developer of identification technology based on optical skin tissue measurements, said it raised \$8.1 million in Series B funding last month. [More ...](#)

### Press Release: The Salt Lake Tribune Interviews Todd Stevens Concerning Surge in Venture Capital Investing

### What is the plan to bring these products to market?

Titragesia will be marketed by our partner Cephalon. ZARS pharma is determined to launch ThermoProfen with its own sales and marketing organization. The Company plans on creating a significant dermatology business around the DuraPeel technology.

### Are you still on track for a possible IPO in 2006?

Our investment banker advisors seem to think that, given a reasonable IPO market, favorable clinical trials and regulatory reviews, ZARS pharma should be a terrific candidate for public markets third quarter 2006. At that time the goal is to have two products approved and launched, Titragesia at the end of Phase III, ThermaProfen in deep Phase III, and two new INDs in place utilizing DuraPeel.

### Wasatch Venture Fund was your first institutional investor in 1999. What value has Wasatch brought to ZARS?

Wasatch made an unusual, courageous step by investing early in ZARS pharma alongside angels and founders. The advice and support we have received from Todd Stevens and the other members of the fund's team have been very valuable to us. Certainly the mention of Wasatch Venture Fund as an investor has always graced us with significant validation in the eyes of other prospective investors.

---

Venture capital investment in Utah companies in the first nine months of the year totaled \$223 million, a five-year high surpassing the amount raised in all of 2004.

"I would have expected to see an increase, but the magnitude of that increase is surprising," said Todd Stevens, managing director of Wasatch Ventures, a venture capital company that focuses on early-stage companies. "It's great news for Utah companies and entrepreneurs."

[More ...](#)

### Press Release: Diabetes Device Lures \$5M in Venture Funds

A local medical device startup that wants to detect diabetes with the simple flick of a switch has received \$5 million in venture capital less than a year after spinning off from another diabetes technology company. [More ...](#)

### LeftHand Networks Announces New iSCSI SANs Powered by SAN/iQ and HP

LeftHand Networks announced a new iSCSI SAN solution that integrates LeftHand's SAN/iQ software with the HP Proliant DL380 server -- the world's best selling server. [More ...](#)

### NEWSLETTER SIGNUP

Copyright © 2006 Wasatch Venture Fund, All Rights Reserved. Salt Lake City - Phoenix - Santa Fe