

Spin-out Gave GLQ a Quicker First Step

Former Team at Nissho Iwai American Retains Focus on Helping Companies Enter Japan

So far, so good.

That's the verdict on the decision by **Nissho Iwai American Corp.**'s investment team to go independent in late 1999 as **GLQ Entrepia Inc.**

With \$30 million in capital from its former parent and from New York investment bank **Kaufman Bros., L.P.**, GLQ Entrepia has invested in 15 companies, two of which have gone public. And Nissho Iwai American, the New York-based subsidiary of Japanese trading company Nissho Iwai Corp., still works closely with the GLQ Entrepia team, which focuses on U.S. companies it can help bring to Japan.

With GLQ Entrepia preparing to raise a fund in the \$100 million to \$200 million range, Nissho Iwai American likely will again be a strong supporter.

Ken Yasunaga, GLQ Entrepia's vice president of strategic investments, said the spin out was necessary for the investment team to keep up with the frenzied pace within the venture world. The team was seeing plenty of deals while it was still part of Nissho Iwai American, Mr. Yasunaga said, but the need to obtain corporate approval for investment decisions was causing the unit to miss out on opportunities.

Today, the firm has a dozen investment professionals—some of whom never worked at Nissho Iwai—in offices in New York, San Jose and Tokyo.

Although GLQ Entrepia is free to work with oth-

er corporations, on a number of occasions it has turned to Nissho Iwai and its subsidiaries. With \$66 billion in annual sales and 618 affiliated companies in information technology, machinery, metals, energy, chemicals and consumer products, the conglomerate is an attractive partner for U.S. companies looking to East Asia.

Sonus Networks Inc., a Westford, Mass., maker of telecommunications equipment, had wanted to sell its product in Japan. But in order to do so, Mr. Yasunaga said, it needed to adapt its product to the technical specifications of Japan's telecommunications system, as well as establishing marketing operations, test centers and maintenance centers.

Thanks to its backing from GLQ Entrepia, Sonus was able to hook up with Nissho Electronics, Nissho Iwai's telecom company. Nissho Electronics, in turn, agreed to help support Sonus and promote its growth in the Japanese market.

Sonus Networks is one of the two companies backed by GLQ Entrepia that has since gone public; the other is CoSine Communications Inc. A third portfolio company, **Xacct Technologies Inc.**, is in registration, while a fourth, known as Metapath, had filed to go public before being acquired by Marconi Systems.

AT A GLANCE

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Recent Investments

- **BSDi** *Colorado Springs, Colo.*
Internet infrastructure services
Size of round: \$4 million (December)
Co-investors: Plat'Home
- **Cellport Systems Inc.** *Boulder, Colo.*
Provides wireless communications and telematics systems for vehicles
Size of round: \$22.5 million (October 2000)
Co-investors: Cisco Systems Inc., Rock Creek Capital, Alignment Capital Partners
- **ipVerse Inc.** *Sunnyvale, Calif.*
Supplies software-based switches for telecom service providers
Size of round: \$21.8 million (September)
Co-investors: Kleiner, Perkins, Caufield & Byers, Norwest Venture Partners, Battery Ventures, Williams Communications
- **TeleGea Inc.** *Waltham, Mass.*
Enabling telecom companies to sell services online
Size of round: \$1 million (September)

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