



TRIDENT NEWS

TRIDENT CAPITAL®

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VENTURE INVESTMENTS IN SOFTWARE AND TECHNOLOGY ENABLED BUSINESS SERVICES

Trident Capital Fund VI

We are pleased to announce the closing in November 2004 of our most recent fund, Trident Capital Fund VI, L.P., with aggregate capital commitments of \$400,000,000. Due to substantial oversubscription, the fund was limited to returning long-term Trident investors plus a very small number of new investors.

Fund VI will continue to focus on investments in Trident's areas of long term expertise including IT Security, Payments and Transaction Processing, IT Services and Outsourcing, Communications/Wireless, Marketing Services, Enterprise Software, Healthcare IT Services, and Product Innovation. Within our sector focus, we invest across multiple stages, including traditional venture capital investing as well as investments in micro-cap public companies, buyouts and roll-ups.

Fund managers for Fund VI include investing partners Don Dixon, Venetia Kontogouris, Woody Marshall, Peter Meekin and John Moragne, Advisory Director Bob McCormack, Chief Administrative Officer Howard Zeprun and Chief Financial Officer Bonnie Kennedy.

Other investment professionals include Vice Presidents David Kosloff and Arneek Multani and Venture Associate John Hebert. Rounding out the team as Entrepreneurs in Residence and Venture Consultants are Becky Bace and Howard Schmidt in the IT Security segment, Brendan Reidy in Wireless/Communications, Tom Kelly in Enterprise Software and Outsourcing, Rob McCormack Jr. in China, Eric Janzen in emerging new technologies and John Klein in strategic planning.

Fund VI will continue to focus on investments in Trident's areas of long term expertise.

With the new fund, Trident Capital has a total of \$1.5 billion under management. The firm has made over 100 investments since its inception in 1993. The firm continues to maintain two offices in Westport, CT and Palo Alto, CA. ❖



IT Security

Marketing Services

Payments and Transaction Processing

Enterprise Software

IT Services and Outsourcing

Healthcare IT Services

Communications/Wireless

Product Innovation



TRIDENT INVESTMENT ACTIVITY

In September 2004, Trident Capital invested in **TriCipher, Inc.** (formerly known as Securivacy). TriCipher provides strong authentication for the real world. Founded in 2000, TriCipher provides the affordability and ease of use of simple password logins with the strength of 2-Factor systems. The TriCipher Armored Credential Appliance™ provides strong authentication for secure mobile & remote access, enterprise access, transactions and consumer identity protection. TriCipher tech-



nology protects against phishing, dictionary attacks and insider theft of credential information.

Utilizing patented technology exclusively licensed from Verizon Communications, TriCipher creates a multi-part credential for the user and allows multiple strengths of authentication to be deployed from a single appliance. It is designed to work seamlessly with existing identity man-

agement and single sign on infrastructure. The product is built on proven security technologies and vast experience deploying and using authentication systems in real enterprises.

TriCipher is headquartered in San Mateo, California and is backed by Trident Capital, Arrowpath Venture Capital, Wasatch Venture Partners and Intel® Capital. For more information, please visit www.tricipher.com or email info@tricipher.com. ❖

www.TriCipher.com

THE ROBOTICS INDUSTRY

Robotics, which is already a multi-billion dollar industry, is in the midst of remarkable technological breakthroughs that could create massive growth - and venture capital investment - opportunities.

The Japan Robotics Association sizes the current market at \$5 billion dollars worldwide. The vast majority of this activity is in fixed automation and manufacturing robots that were first introduced in the 1970s and 1980s. These robots complete highly specific and structured tasks at lower cost than humans. Although highly productive, such fixed robots are quite limited in that they lack mobility as well as the onboard “intelligence” to detect changes in their environment and modify their behavior accordingly.

The new generation of robots - autonomous, mobile, and intelligent - offer significant technological and commercial breakthroughs. These robots can:

- Gather data from their environment through advanced sensor technology
- Process that information through onboard software to make intelligent decisions, and

- Execute those decisions by moving autonomously and taking the appropriate physical action.

Thus, this new generation of robots allows the IT revolution to be extended from the ‘virtual’ world into our physical ‘real’ world to solve ‘everyday’ prob-

lematic disruptive technological breakthrough serving markets measured in the billions of dollars.

There are however considerable technical, commercial, and managerial challenges that must be overcome for the industry to succeed. The technical challenges include achieving mass pro-

The new generation of robots - autonomous, mobile, and intelligent - offer significant technological and commercial breakthroughs.

blems. Intelligent robotics, for example, are in use today in such diverse defense, industrial, health care, and consumer applications ranging from:

- detection and disposal of explosive ordinance devices; to
- sewer pipe repair and maintenance; to
- micro-surgery; to
- home vacuum cleaning.

Because intelligent robots can perform tasks for humans that are too dangerous, precise or monotonous, the potential applications are abundant and lucrative. The result is a potentially

deducible, low cost designs; durability and reliability; and battery life. The commercial challenges include the speed at which end markets develop. Managerial challenges include the length and cost of product development cycles.

There are a number of pioneering companies mastering these challenges and are poised to seize the large opportunities at hand. The widely acknowledged leader in the field of intelligent robotics, iRobot of Burlington, MA, is a Fund V investment.

Trident intends to carefully monitor developments in this burgeoning industry and identify other promising investment opportunities. ❖



SPOTLIGHT ON BECKY BACE – TRIDENT CAPITAL VENTURE PARTNER

REBECCA “BECKY” BACE

by Anne Saita, *Information Security Magazine*

There's more than one way to influence an industry. Case in point: Becky Bace.

During her 16 years at the National Security Agency, Bace helped foster IDSes from a conceptual technology to a leading commercial product. She also provided some of the seed funding for key computer security labs at University of California at Davis and Purdue University. Today, she helps guide startups as a venture capitalist with Trident Capital, while maintaining her role as CEO of network security consultancy Infidel. And, after success as author of *Intrusion Detection*, she's coauthored another book--*A Guide to Forensics Testimony*--to help techies testify as expert witnesses.

What makes Bace unique, though, is a little more difficult to quantify.

"Becky is a nurturing influence rarely found in this highly technical playpen," says Jon Brody, VP of marketing at endpoint security vendor Sygate. "Becky makes it easy for us to have adult conversations with senior executives about real business prob-

lems, even though she herself is a technology guru."

Being known informally as "den mother of computer security" pleases Bace, whose unscripted career always has encouraged fledgling technologists to find their focus.

"Becky's concerned about the industry as a whole," Brody says. "One senses she doesn't have an agenda but wants to advance the state of awareness

The search for a flexible job that allowed her to tend to her ill son led Bace to become project manager for a NSA-sponsored intrusion detection program--a job that remains one of her greatest accomplishments.

"I got to test whether government could remain relevant in areas where things that traditionally government had done were being shifted to the commercial world," she says.

"Becky makes it easy for us to have adult conversations with senior executives about real business problems, even though she herself is a technology guru."

among the community. And it's a little different from where other people come from." Raised with six siblings in Birmingham, Ala., Bace was the only woman in her University of Alabama engineering program in 1973. It would take her eight years of classes at various schools to earn her degree. She married and had a son, Joey, who suffered from autism and later died of leukemia.

Now living in Santa Cruz, Calif., Bace considers her current job among the most enjoyable in her career.

"I'm not doing much differently than when I was in government, but I've got a lot more control over the outcome. The bucks and the ability to influence are a lot more powerful here, a lot more available." ❖

TRIDENT LIQUIDITY EVENTS

On September 28th, Trident portfolio company Boats.com sold substantially all of its assets to Trader Publishing Company, an electronic and print publisher with over 700 print magazines and 35 websites. Boats.com includes the market leading websites boats.com and YachtWorld.com and has the exclusive endorsement of the industry's two leading associations, the National Marine Manufacturers Association (NMMA) and the Marine Retailers

boats.com

Association of America (MRAA).

Nick Petsos, General Manager of TraderOnline.com, said "Acquiring these successful on-line products and service businesses gives us a tremendous opportunity to increase the value we provide to the professional marine community. The unique character of YachtWorld.com allows us to invest in expanding and enhancing the services

provided to the brokerage community, while the leadership position of boats.com and its relationships with its boat builder and dealer customer base will enable us to deliver more services to the new boat industry."

Trident invested in Boats.com together with co-lead investor Mayfield Fund. In connection with the recent sale, the Boats.com investors received all cash proceeds. ❖



TRIDENT PORTFOLIO COMPANY NEWS



Sygate Technologies, the market leader in endpoint security solutions for the large enterprise, announced it has continued its winning streak against competitors by being named the Gold winner in the Information Security “2004 Products of the Year” Awards for the security management systems category. Sygate Secure Enterprise was selected through an evaluation process including interviews conducted for Information Security by TheInfoPro (TIP) with security managers from more than 270 companies evaluating 1,239 products. Independent testing facility KeyLabs, Inc. found Sygate’s flagship product, Sygate Security Enterprise 4.0 (SSE), superior to competing products from

Cisco, McAfee and Zone Labs.

“These recent endorsements amplify what the marketplace is saying about Sygate’s endpoint security solution - that it is ‘best of breed’ in protecting corporate data networks from rogue and compromised devices,” said John De Santis, Sygate’s CEO. “We are gratified that in both head-to-head competition conducted by KeyLabs and in marketplace opinion sampled by Information Security and TheInfoPro, Sygate has emerged as a clear winner.”

“In a world of ubiquitous connectivity, danger lurks in semitrusted devices,” noted Information Security in its December issue on the Products of the Year. “Sygate’s Secure Enterprise performs a critical function by ensuring that the productivity gains of virtual computing aren’t undermined by a ‘default permit’ access policy.” Citing

customer responses, the magazine said one called SSE “the most exciting product we’ve seen recently.” It added: “One user was impressed with Sygate’s ‘multilayered personal machine defense strategy.’”

“We are particularly gratified to be included in the Information Security “Products of the Year”, since Information Security is universally respected within the IT security market as the definitive source of information on the network security market,” said De Santis. “As was the case with KeyLabs, this award was given from an objective third party. Whereas KeyLabs utilized rigorous testing in its own facility, Information Security relied on interviews with the toughest judges we know - the security managers working every day to protect corporate IT networks.” ♦ www.sygate.com



Thor Technologies, Inc., the secure enterprise provisioning expert, announced that the editors of Red Herring, the renowned media company and Silicon Valley institution whose mission is to cover innovation, technology, financing and entrepreneurial activity, has selected Thor Technologies as one of its Red Herring Top 100 Innovators award winners. Red Herring’s editorial staff evaluated over 1200 submissions from 900 companies. The editors used a careful analysis of financial data as well as other criteria,

including quality of management, execution of strategy, and dedication to research and development.

“Selection for the Innovation 100 puts Thor in a very elite group. Red Herring editors worked hard to identify the companies who will both drive and benefit from the important technology trends in the coming year,” said Joel Dreyfuss, Editor-in-Chief of Red Herring. “Thor’s traction sets it apart as one of the best and brightest technology companies that, like other Innovation 100 companies, are transforming current markets and creating new ones.”

“The Red Herring’s rigorous

selection process reflects our ability to innovate by listening carefully to customer requirements and pain points and design solutions to address these requirements,” said J. Alberto Yopez, CEO, Thor. “Thor has done this by evolving its core technology to deliver compliance automation, introducing its Xellerate Audit and Compliance Manager solution in response to pressing needs to satisfy regulatory compliance. By enabling our customers to innovate within their organizations, Thor has been able to establish itself as a trusted technology partner with an unparalleled record of customer success.” ♦ www.thortech.com



MegaPath Networks, a leading provider of secure access and managed network solutions, announced

that it has been recognized by Inc. magazine as one of the fastest growing private companies in the United States. Each year Inc. evaluates thousands of candidates and inspects the financial statements of every finalist before deter-

mining the ranking of its annual Inc. 500 list. MegaPath debuts on the 2004 list with four year average annual sales growth of 239 percent for an overall ranking of #127.

MegaPath continued on page 5



UNINTENDED CONSEQUENCES OF WIRELESS

by Eric Janszen, Trident Capital Entrepreneur in Residence

The value of wireless handheld devices is the convenience of mobility. At least that is the premise of most analysis of wireless product companies in the licensed and unlicensed spectrum technology ecosystem, from chip makers to service providers. In fact, the greatest value of a wireless product, and thus the prospects for wireless companies, is more likely to be hidden in the unintended consequences of adding wireless capabilities to existing devices.

In a broad value context, all technologies that succeed in the marketplace add value by enabling greater efficiency to existing business or economic activities. Look at any business application and you'll see the echo of a business processes that are hundreds of years old, from order processing to human resource planning, that was once done by hand, usually on paper. Within the context of wireless technology specifically, the most successful wireless enabled technology to date has been a small, special purpose mobile device that is primarily designed and used to carry voice data over public networks — the cell phone. The value of a cell

phone is not the improved quality of a phone call versus land line call. Voice quality in the US is nearly always worse than land line calls. Cell phones are used in spite of poor quality and intermittent service. Nor is the value of cell phones over the alternative for the mobile user — pay phones — mostly a matter of greater convenience.

The best way to think about the value of mobile devices is that they provide real-time access to contemporary

places the order that makes your and your company's number for the year. If you are participating in an auction of a home and the auction closes at a time when you're only able to connect to the Internet wirelessly, you win the auction because you have wireless access, that wireless device at that moment is highly valuable to you. If you buy and sell homes this way for a living, then mobile access is vital to your livelihood.

Mobile devices are their most valu-

“The value of mobile devices is that they provide real-time access to contemporary data.”

data. In the case of cell phones today, this data is the voice of the person you want to talk to. The temporal aspect of wireless is the primary value; you can be accessed when the caller wants to reach you and, most of the time, when you want that person to reach you or you them. The *where* is not only irrelevant but, in fact, a successful mobile service is one that makes your location irrelevant.

If you're in sales, the value of a cell phone reaches its peak at the moment you get through to the customer, say, the CIO from a major corporation, who

able when they provide you with the data you need when you need it; the value of mobile devices is real-time access to personally relevant data. With respect to content, it follows that the highest value content is content that arrives at a specific user's mobile device at the moment when it's most relevant to that user. From this insight, an ecosystem of high value content creation and delivery technologies and creators can be framed, and from that framework companies in the mobile content market interpreted and valued from the customers' perspective. ❖

MegaPath continued from page 4

Founded in 1999, MegaPath is among the survivors of an era when few companies were able to even stay in business, much less achieve sustained growth and profitability. According to Inc. contributing editor, John Case, “Somehow, some way, 102 companies — a fifth of the (Inc. 500) list — got off the ground in 1999 despite the overheated marketplace, steered clear of the wreckage, then sailed onward and upward during one of the toughest periods for young companies in recent memory.”

Being recognized by Inc. as one of the fastest growing private companies in the United States is just another in a series of recent acknowledgements MegaPath has received. In July 2004 MegaPath was recognized by the East Bay Business Times for being one of the top 50 fastest growing private East Bay companies, and earlier this month MegaPath made the San Francisco Business Times Fast 100 list for a second consecutive year.

“As a company founder I am extremely proud of MegaPath's outstanding achievements since our

inception a little over five years ago,” said Harry Taxin, President and CEO of MegaPath Networks Inc. “We built our business with a strong commitment to deliver the very best solutions and services to our customers and partners, and with a fierce determination to be successful in the face of economic challenges and industry uncertainty. MegaPath has demonstrated significant growth and strength that are often unparalleled in our business, and we look forward to many more notable accomplishments in the years ahead.” ❖ www.megapath.net

TRIDENT CAPITAL

Trident Capital was founded in 1993 to invest in information and business outsourcing companies. By consistently helping entrepreneurs build industry leading technology and services businesses, Trident has become one of the most successful private equity firms in the country. The firm leverages a partnership that has invested in more than 100 companies and has held senior operating, consulting and investment banking roles at organizations such as AT&T, IBM, Dun & Bradstreet, Morgan Stanley and Bain. To date, Trident has raised six funds and manages \$1.5 billion in committed capital. The firm operates out of offices in Palo Alto, CA and Westport, CT.

Trident invests principally in the following sectors:

- IT Security
- Payments and Transaction Processing
- IT Services and Outsourcing
- Communications/Wireless
- Marketing Services
- Enterprise Software
- Healthcare IT Services
- Product Innovation

Investment Sizes: Up to \$30M

Transaction Types:

- Early Stage Growth Capital
- Expansion Stage Financings
- Management Buyouts
- Spinouts

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