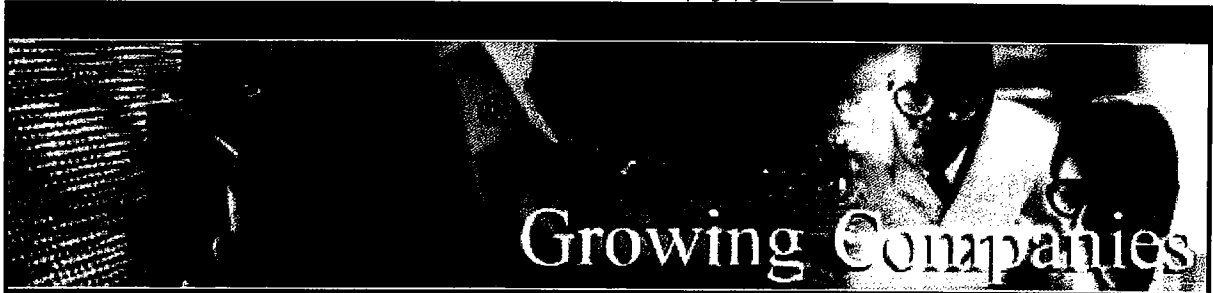


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**ADVANTAGE**

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**February 2006 Table of Contents**

- [Welcome](#)
- [Economic Development News](#) Financing for healthcare startups, Wisconsin angel investments, new SBA website, Idea Village partnership with Tulane
- [News About Advantage Investments](#) Invision.com, Awarix, Stereotaxis, Nova Technology, Virent, Kanoodle.com, Synacor, AssistGuide, InSciTek, AuthenTec
- [About Us](#)

**Welcome**

Welcome to Advantage Capital Partners' electronic newsletter for February. We think you and other decision-makers in business, finance, government, economic development and higher education will find these topics informative.

**Economic Development News**

**Missouri among leading Midwest states in attracting funds for healthcare startups**

Last year was a strong one for Midwest healthcare startups, according to the *Midwest Health Care Venture Investment Report* released by [BioEnterprise](#), a provider of management counsel and support services to healthcare companies. With its investments in promising Missouri and Wisconsin companies involved in medical devices, medical services and life sciences, Advantage is proud to be part of this positive trend.

Investment totaling \$550 million was reported for 2005, with Minnesota, Ohio and Missouri leading the way in dollars attracted. The report covered 10 Midwestern states and western Pennsylvania. "Midwest states and institutions have made concerted efforts over the last few years to capitalize on the tremendous health care research and industry base that exists in the region to grow new health care enterprises," said BioEnterprise President Baiju Shah, "and those efforts are starting to bear fruit."

By sector, medical device companies received 37 percent of the investment in 2005. Biopharmaceutical companies received 35 percent of the total while health care and software and service companies raised the remaining 28 percent. For more on the BioEnterprise survey, go [here](#).

**Wisconsin begins tracking angel investment: \$19 million in 2005**

Angel investments in 2005 totaled more than \$19 million across 40 deals, according to

NorthStar Economics, a Madison research firm. Wisconsin is finally able to track the volume of investments made by individuals thanks to the investor tax credits offered through Act 255. David Ward, president of NorthStar Economics, says the data, while not complete, provides a good glimpse of angel activity in the state.

Angel investments are private and generally aren't recorded at the state or national level. The activity of organized angel groups is easier to track, though Ward estimates that individuals outside the groups may invest several times as much. According to the Wisconsin Angel Network, 11 organized angel groups with more than 200 members collectively made investments last year. Read more [here](#).

#### **New SBA web site geared to women entrepreneurs**

According to The U.S. Small Business Administration (SBA), women are starting businesses at twice the rate of all businesses. As a response to this trend, the SBA recently launched MY BIZ for Women, a new online tool tailored to the needs of female entrepreneurs. The website, which highlights the best resources that the government has to offer, is designed to be one-stop resource for women. MY BIZ provides tips on starting and growing a small business, information on gaining access to capital and links to other government agencies.

"The introduction of MY BIZ for Women is critically important to help new women entrepreneurs start and grow businesses in this country," said SBA Administrator Hector V. Barreto. The SBA is committed to helping women entrepreneurs obtain access to information and opportunities that will allow them to break down economic development barriers." For more on this new online tool, visit [here](#).

#### **Idea Village connects Tulane MBAs with New Orleans businesses**

The Idea Village, a nonprofit organization devoted to supporting entrepreneurial ventures in the region, has joined forces with Tulane University to connect MBA students with entrepreneurs who are rebuilding their businesses and recovering from losses in the aftermath of Hurricane Katrina. "This Tulane partnership not only gives students great hands-on training," said Idea Village President Tim Williamson, "but will help us identify those companies with the greatest potential to impact New Orleans' economic recovery."

Students enrolled in the "Rebuild New Orleans" entrepreneurship course will report on selected companies in the Idea Village's business acceleration program. This is the third year of partnership between Tulane and the Idea Village to coordinate MBA internships, introduce commercial opportunities and collaborate on an annual venture capital forum.

Since it began raising funds last fall from several local organizations including Advantage Capital, the Idea Village has disbursed \$300,000 in cash grants to more than 85 local businesses affected by Hurricane Katrina.

### **News about Advantage investments**

#### **Advantage invests \$2.5 million in Long Island managed service provider**

Advantage Capital has invested \$2.5 million in Invision.com, a managed IT service provider in the New York metro area. The funds will be used to expand Invision's sales force, enabling the company to increase its presence in the regional marketplace, grow geographically, make acquisitions and provide working capital.

"With more and more companies recognizing the value of pro-active managed IT services, the demand for these services is creating significant growth opportunities," said Tyler Roye, Invision's CEO. "This funding will enable us to capitalize on these growth opportunities and extend our market reach to new customers and geographies, building on our traditional market

strength in the Long Island area."

Advantage's investment was made in connection with New York's Certified Capital Company (CAPCO) program, which encourages the flow of investment capital to promising companies located in the state. Advantage first invested in Invision in the fall of 2002. For more on this investment, go [here](#).

#### **Advantage part of \$3 million round for Birmingham healthcare technology company**

Advantage Capital joined Waveland NCP, Stonehenge Capital and other investors in a \$3 million equity investment in Awarix, Inc., of Birmingham, Ala. Founded in late 2003, Awarix provides real-time communications and reporting tools for hospitals. Advantage, Waveland and Stonehenge all invested in connection with Alabama's Certified Capital Companies program.

The investment "will help us aggressively expand our sales effort and reach our goals," said Gary York, the company's chief executive officer. The company currently has 12 employees and expects to hire more than 80 people over the next three years. Read more about the Awarix investment [here](#).

#### **St. Louis medical device maker raises additional capital through share offering**

Stereotaxis Inc. (NASDAQ: STXS) has raised additional private capital through the sale of 5.5 million shares of newly issued common stock. The net proceeds of the offering totaled more than \$61 million. The St. Louis-based company designs, manufactures and markets an innovative cardiology instrument control system to enhance the treatment of coronary artery disease and arrhythmias.

Advantage first invested in Stereotaxis in the summer of 1998, when its product was in the early stages of development, and continued to invest over the years. The firm's investment included funds raised in connection with the New Market Tax Credits program, and Stereotaxis was the first company to have received funding under that program to subsequently trade publicly, thus raising \$45 million through its IPO in August 2004. Including the private equity financing raised prior to the two public share offerings, Stereotaxis has raised more than \$225 million in capital since the company began. Read more about Stereotaxis [here](#).

#### **Louisiana's Nova Technology acquired by Baker Hughes**

Baker Hughes Inc. (NYSE: BHI), a leading energy services company, recently acquired Nova Technology Corp. of Broussard, La., for approximately \$70 million in cash and assumed debt. Nova supplies permanent monitoring, chemical injection systems and multi-line services for deepwater and subsea oil and gas well applications. Advantage was an early investor in Nova, first investing in 1997 through Louisiana's Certified Capital Companies program.

"The acquisition of Nova supports our focus on providing the industry's best-in-class production optimization technologies and services," said Rod Clark, Baker Hughes' president and chief operating officer. For more on the acquisition, go [here](#).

#### **Madison's Virent Energy successfully starts up demonstration system**

Virent Energy Systems of Madison has successfully started the first-ever demonstration system capable of converting glycerin and sugars into electricity. The system was purchased by Madison, Gas & Electric and is based on Virent's Aqueous Phase Reforming (APR) patent, a method for the production of hydrogen and fuel for distributed power systems from widely available renewable biomass sources.

"The level of excitement generated by this APR system startup is very high because the system greatly exceeded all of our targets for power output and performance," said Eric Apfelbach, Virent's chief executive officer. "It is very clear that the APR system represents a compelling

option for cost-effective, clean, distributed energy generation."

Advantage first invested in Virent in last year in through Wisconsin's Certified Capital Company program. For more on this promising technology, go [here](#).

#### **New York's Kanoodle announces distribution agreement with MSN**

Kanoodle, the leading provider of sponsored links to many of the Internet's best sites, has signed a distribution agreement with MSN. Kanoodle, which has offices in Buffalo and Manhattan, will provide its content targeted sponsored links to MSN Spaces. Advantage invested in Kanoodle last year.

"Through this deal with MSN, Kanoodle's advertisers will have access to one of the best sites on the Web," said Lance Podell, Kanoodle's chief executive officer. Kanoodle is now the sponsored links provider for the more than 10 million MSN Spaces users. Through this new relationship, Kanoodle will enable MSN Space users to add sponsored links to their Space, and participating members will receive a portion of the revenues generated by these links. Read more [here](#).

#### **Synacor of Buffalo helps Knology enhance home page**

Another New York company, Synacor, continues to grow with the addition of another significant partnership. A leading provider for private-label Internet portal technology, Buffalo-based Synacor has teamed up with Knology, a major provider of interactive communications and entertainment services. The new partnership will yield significant enhancements to Knology's website, Knology.net, the comprehensive, easy-to-navigate homepage designed for their high-speed Internet customers.

Synacor will handle the integration of all content services for [www.knology.net](http://www.knology.net). "We are confident that our unique technology platform will play an integral part of enhancing the Internet experience for Knology customers," said Ron Frankel, Synacor's president and chief executive officer. Advantage invested in Synacor in fall 2003. Read more [here](#).

#### **Hawaii's AssistGuide announces major customer deployments**

AssistGuide Inc., a leader in long-term-care information services, has added several public and private clients to its growing customer base, including Hawaii Electric Industries, Outrigger Hotels & Resorts, the South Carolina Lieutenant Governor's Office on Aging and the Louisiana Governor's Office of Elderly Affairs. These groups join an existing customer base of more than 400 organizations in more than 25 states and territories, all of them benefiting from the innovative online network to increase self-education, simplify provider and insurance selection, and reduce costs, time and paperwork.

Advantage invested in AssistGuide last year.

"The explosive growth of our customer base is indicative of the 'baby-boomer' demand for online information, directories, assessments, and financial clarity about dealing with long term care and caregiving issues," said Kevin Sypniewski, AssistGuide's chief executive officer. For more on the new customers, go [here](#).

#### **InSciTek's Allworx 10x office communications system cited as product of the year**

*Internet Telephony* magazine, a leading authority in the rapidly growing VoIP/IP telephony industry, has recognized the Allworx 10x as a "Product of the Year 2005." The Allworx product line is produced by InSciTek Microsystems Inc. of Rochester, N.Y. Advantage invested in InSciTek last year through New York's Certified Capital Company program.

"The Allworx 10x system has been reflective of and instrumental in the explosive growth of

VoIP and the larger IP telephony industry this past year," said Rich Tehrani, the magazine's editor-in-chief. "The Allworx 10x is the 'next system' for small business, and we thank the editors of *Internet Telephony* for recognizing that," added George E. Daddis Jr., chief executive officer and president of InSciTek. Go [here](#) for more on this recognition for Allworx.

#### Florida's AuthenTec introduces tiny fingerprint sensor

AuthenTec has unveiled a tiny, 12 mm by 5 mm EntrePad 1610 fingerprint sensor. AuthenTec reports that the new product is the world's smallest fingerprint sensor, two-thirds smaller than the competition, yet still provides the most trusted and secure biometric protection for personal computers for which AuthenTec is known. Fingerprint sensors enable users to log into their computers by swiping their fingerprint across a small window or set a screensaver fingerprint while safely walking away from the machine. Read more about the new EntrePad 1610 [here](#).

With more than seven million sensors in use worldwide, AuthenTec is the world leader in fingerprint sensor security, innovation and sales to the PC, wireless, and access control markets. Advantage first invested in AuthenTec in 1999 through Florida's Certified Capital Companies program. The company is based in Melbourne, Fla.

#### About Us

Advantage Capital Partners is a private equity firm focused on investing in promising companies in connection with federal, state, and local economic development efforts. With offices in New Orleans, St. Louis, New York, Austin, Washington, D.C., Tampa, Madison, Denver and Huntsville, Advantage has raised more than \$700 million in institutional private equity since 1992 and has invested in companies and projects located in states and communities underserved by venture capital investment.



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