

Two Sacramento-area venture capital firms look to invest locally

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A pair of Sacramento-based venture capital funds say they are ready to add some vitality to the regional economy by investing in local firms.

The Folsom-based Moneta Ventures recently secured \$19.3 million to invest in early-stage technology companies, while Roseville's DCA Capital Partners is looking to invest in the neighborhood of \$25 million in larger business needing an influx of cash in order to grow.

That the two venture capital firms are looking to invest locally is a positive sign for the region, said Meg Arnold, chief executive officer of the Sacramento Area Regional Technology Alliance.

"A locally based fund is a good thing for the companies here," she said.

Prior to the recession, the Sacramento region had a relatively healthy amount of venture capital firms investing in local companies, but the economic downturn took a bite out of venture capitalism locally, Arnold said.

While co-working spaces like Hacker Lab and Think Hut have helped foster the entrepreneurial spirit in Sacramento, growing companies generally have to turn to Bay Area investors, said Steven Mills of DCA Capital Partners. Those Bay Area investors often influence companies they're investing in to move closer.

Moneta promises to have the opposite effect: adding jobs to the Sacramento economy, said Lokesh Sikaria, the firm's managing partner. The firm's first investment in a company called MindTickle will add four to 10 jobs in the region as its U.S. sales team shifts to Folsom. That deal brings outside jobs to the region but other investments are expected to be made with companies already based here.

"I know there are a lot of good companies here. If we could fund them, it makes the whole region better," Sikaria said. "We can help these companies."

Moneta Ventures aims to invest between \$50,000 and \$2 million in early-stage technology companies with annual revenue between \$500,000 and \$5 million. Many of the investors in Moneta previously worked with Sikaria at Sparta Consulting before it was bought for \$38 million in 2009. The fund is ultimately expected to raise \$25 million for investments, and the firm expects to cash out those investments after 10 years.

While Moneta's primary role will be in financing cash-starved companies, Sikaria said his firm will, as needed, help companies it invests in with human resources, legal and administrative support.

"That way they don't have to focus on that, and they can focus on being an entrepreneur," Sikaria said.

Like Moneta, DCA Capital Partners aims to invest in underserved markets. Its focus is on potential investments in California's Central Valley as well as Nevada and Arizona, said Mills, one of the firm's general partners. DCA is looking to invest in more established companies with

revenue of \$10 million or more, Mills said. Its typical investment into a company is likely to be around \$2 million, Mills said. He said he hopes to close the first deal this summer.

“We are doing our due diligence on opportunities,” Mills said. “We look for the best companies we can find, regardless of the industry.”

Mills said DCA won’t influence companies to move their headquarters, adding that the influx of cash can spur growth and create jobs.

“It’s just good for the community,” Mills said. “It adds to the quality of life.”

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Read more here: <http://www.sacbee.com/2014/06/08/6462497/two-sacramento-area-venture-capital.html#storylink=cpy>