

EUROPEAN VENTURE CAPITAL REPORT

Venture Capitalists

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DIGITAL NETWORKS: New infrastructure fund launched

By Katharine Campbell



European VCs

A group of venture capitalists in their early 30s are launching a firm to back internet infrastructure companies across Europe, and hope to raise a fund of E75m (£45m). Digital Networks plans to invest in a range of infrastructure companies across Europe - with a small allocation earmarked for Israel, central Europe and the US.

Nenad Marovac, a former partner at Advent International, a private equity firm founded in 1984, said he hoped Digital's narrow specialisation would enable it to compete with the hordes of other established venture investors. Mr Marovac said he believed there was a niche between small seed investors and the large established funds. Digital intends to invest E1m-E10m in 12-15 deals from its initial fund.

Infrastructure investments are the next hot area for venture capitalists, who have had their fingers badly burned in business-to-consumer and, to some extent, business-to-business start-ups. However, first-time funds are notoriously hard to raise, because investors like to back venture capitalists with established track records. Mr Marovac disclosed he had agreed terms with an "anchor" investor, the identity of which would be announced shortly.

Investors would judge the group, currently four strong, on their "involvement" in 35 venture capital transactions with a total value of \$300m (£200m). One of Mr Marovac's most successful deals while at Advent was Synergon, a Hungarian IT services provider that floated on the Budapest stock exchange in May 1999.

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