



US/CHINA

DCM PARTNERS WITH LEGEND CAPITAL

While many other Silicon Valley-based venture firms are studying China, taking an occasional trip there, or thinking about establishing a China representative office, Doll Capital Management has boldly linked up with Legend Capital, the Beijing-based venture arm of Chinese IT conglomerate, Legend Holdings.



David Chao

DCM managing general partner David Chao told *AVCJ* that Legend “is a good fit” and, like DCM, has “operational experience and hands-on management.”

The two firms will mutually source opportunities in both the US and China, Chao said, adding that the two have already done three investments together.

The latest was a Chinese one, in Beijing-based software development services company, Worksoft Creative Software Technology. This is a series A round for the company, which provides business process outsourcing services for corporations in the US, Europe and Japan.

The two also have co-invested in a \$10.5 million first round for Santa Clara-based Sling Media Inc., a digital media play that allows users to watch live TV from any device, via any network. DCM and Legend also partnered in an investment alongside Accel Partners during the last quarter of 2004 in

China-based social networking site, UUMe.com. Chao said that DCM and Legend are working on closing a fourth, this one in the US.

Chao, who travels to Asia frequently from the Valley, said that he got to know Legend Capital partners when they were “looking at one of our deals.” He added, “this has been a two-and-a-half-year process of getting to know each other.” Legend Capital is an arm of Legend Holdings, parent company of Lenovo Group, which recently bought the PC division of IBM.

As part of the link-up, Chao joins Legend Capital’s board of directors and DCM has made an investment in LC Fund II, a \$55 million fund to invest in startups and expansion stage IT companies. That fund closed in December 2003, and Chao noted that DCM’s investment in Legend Capital “helped to formalize” the relationship between the two firms. Additionally, Legend Capital managing director Zhu Linan joined DCM’s advisory board.

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INDIA

QUANTUM ADVISORS TAKES QUANTUM LEAP TO INDIA WITH NEW FUND

Quantum Advisors is setting up a new fund that will invest in publicly listed and privately held companies in India, CEO Ajit Dayal told *AVCJ*. He said the fund is targeted at \$200 million, and will have its first closing of \$20 million this May.



Ajit Dayal

European and US foundations and family offices contributed to the first close, Dayal said, adding that about 30% of the fund’s dollars

will go toward investments in private companies. Quantum has 15 years experience in advising and managing India-dedicated portfolios.

Dayal cited several drivers for the fund, among them economic reforms that have led to 5% annual growth rates over the last decade and up to 6% predicted in coming decades. He noted that, despite changes in government and the recent trend of coalition governments, economic reforms are continuing. The need for improvements in India infrastructure suggests significant investment opportunities in the construction-related, power, shipping, and telecom industries, he stressed.

Dayal argued that most emerging market funds do not provide investors with an “Indian exposure.” Noting some political, economic, and social risks, he emphasized that the Quantum India fund is taking the long view.

“This is a good bet if your perspective is the long term,” he summed up.

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