

The Daily Start-Up: Fortinet Flies High In IPO Debut

November 19, 2009

The Venture-Backed Nine - Venture capitalists have another IPO to cheer about as computer-network security company Fortinet Inc. saw its shares rise 33% in its first day of trading.

Redpoint Ventures and Meritech Capital are among the company's backers. This could be the last venture-backed IPO of the year as the market usually quiets down during the holidays and none of the other five IPOs expected this week have venture backers. If that's the case, we'll have seen nine IPOs of venture-backed companies this year, according to VentureSource, all of them since May. That's better than the seven recorded last year - but that was also the worse showing on record. In 2007, there were 76 such offerings. It's a good sign that the market is receptive to new offerings, but the IPO window certainly isn't open very high.

District of Capital - On the regulatory front, a couple of things are happening today in Washington worth keeping an eye on - if you can keep them open. First, the Senate is meeting to mark up a sweeping financial regulatory bill introduced by Sen. Chris Dodd (D., Conn.), the committee's chairman, that includes a measure to omit private equity and venture funds from the requirement to register as investment advisers with the Securities and Exchange Commission. The bill, which would require only hedge funds to register, leaves defining what exactly venture and private equity funds are up to the SEC. This proposal is only a tiny piece of the 1,139-page discussion draft of the bill, which is expected to mark the starting point in negotiations with the House and the Obama administration over how to overhaul financial rules in the wake of recent economic turmoil. Also, the SEC is hosting an annual forum for small businesses to highlight "perceived unnecessary impediments to the capital-raising process." Last year's forum recommended several changes to facilitate the exchange of private-company stock, including a proposed regulation to allow limited advertising. With the change of administrations, that proposed rule is still pending, but this meeting will take a fresh look at the situation.

Let's Get Social - Microsoft and Salesforce.com are jumping into the business social-networking game, an area already crowded with start-ups. In Microsoft's case, it said yesterday the next version of Microsoft Outlook will automatically display information from social-networking sites to better connect people. Salesforce.com is going a more ambitious route, unveiling a new product called Salesforce Chatter, billed as the "Facebook for enterprises." But don't call it a social network, says CEO Marc Benioff - it's more about "collaboration." Semantics, of course.