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Investors put \$35M behind 3 companies Venture capital deals grow in Tennessee

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Computer networking equipment and surgery centers were magnets for venture capital statewide in the first quarter, according to a quarterly survey released yesterday.

Venture capitalists reported pumping \$35.2 million into three Tennessee companies — all from the Midstate and two of which were started just this year, the latest MoneyTree Report on venture funds shows.

That total is up from \$13.9 million invested in nine deals in January through March a year ago.

Nationwide, investments totaled \$5.6 billion, the 16th straight quarter in which venture capital levels have been within a so-called "stable range" of \$4 billion to \$6 billion.

In Tennessee, the largest dollar amount of \$20 million went to Meridian Surgical Partners, a Nashville company formed in February to operate ambulatory surgery centers. The money is part of \$75 million committed by private equity firm Arcapita Inc. for acquisitions and development, said Kenneth Hancock, Meridian's chief development officer.

"We're working on that right now," said Hancock, a co-founder and chief development officer of Surgical Alliance Corp. and OrthoLink Physicians Corp., before each of those companies was sold.

David "Buddy" Bacon Jr., formerly chief executive of Medifax EDI of Nashville, is CEO of Meridian.

The remaining \$15.2 million for the quarter went to two companies, including one startup, involved in networking and equipment.

Cybera Inc., a Nashville provider of private data communication services, raised \$12.8 million from investors Adam Street Partners of Chicago, Chrysalis Ventures of Louisville, Ky., and Claritas Capital LLC of Nashville.

Local venture capitalist Clayton Associates of Franklin, meanwhile, invested \$2.4 million in Tenvera Inc., a Franklin-based developer of fiber-optic network solutions.

PricewaterhouseCoopers compiles the venture capital survey with the National Venture Capital Association based on data from Thomson Financial. •

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