



## Momentum Venture Management®: Funding Gap Threatens Southern California Competitiveness

### Media Contact:

Rich Berman for Momentum Venture  
Management, LLC  
Email: richard@mvmpartners.com  
Tel: 415-359-4906

### LA-based company calls for more local investment for start-ups in LA/SD

**September 9, 2008** – Pasadena, CA - Momentum Venture Management ([www.mvmpartners.com](http://www.mvmpartners.com)), a Los Angeles company that helps entrepreneurs transform their technologies into viable, well-funded businesses, today called the lack of local funding for Southern California companies an obstacle to innovation in the region and a lost opportunity for local investors. Momentum - which has invested in a dozen startup ventures in Southern California in the last several years - specializes in helping early-stage companies overcome the "funding gap" by bringing experienced interim management skills, critical bridge capital, and a large network of relevant resources to achieve business traction and secure the next stage of investment.

Matt Ridenour, Managing Director of Momentum Venture Management, says, "We definitely have the talent and innovation here, and there are excellent opportunities for Southern California investors to support entrepreneurs in our own backyard. However, a clear gap exists when it comes to local support of early stage technology companies." He points out that less than a third of the \$1.2 billion invested in SoCal in the first quarter of 2008 came from local funds, and that less than 14 percent of the money invested in seed and early-stage SoCal-based companies came from VC firms based in Southern California.

"When you break it down, almost 10 percent of the VC-funded startups in the United States are based here, but we only have three percent of the venture capital. The gap is made worse by the fact that Southern California VCs tend to be later stage investors," Ridenour notes. "By any measure, Southern California is a center of innovation. We have some of the country's top universities spending more than \$4 billion a year on research and development, and there are more patents issued annually in Southern California than in almost any other region of this size. The angel network groups have done a good job stepping in at the earliest stages of investment, but there are very few groups there to back them up with that first institutional round of funding".

"From an investor's perspective, early stage funds have historically delivered the best returns (35.5% over the past 10 years). In my view, high-net-worth individuals, family offices and Southern California-based firms should be looking at early-stage investing in this region as a very attractive category." Ridenour also said that Momentum Venture Management is exploring either forming a fund or supporting a limited group of high-net-worth investors in making early stage investments. "We are exposed to over 1000 new Southern California companies annually and a very small fraction of them will find funding. We believe we can do better for both entrepreneurs and potential investors".

Momentum Venture Management is a Los Angeles-based firm that helps early-stage companies achieve early business results and develop credibility in order to get funding and transform their ideas, technologies and products into sustainable, successful businesses. For more information, please visit [www.mvmpartners.com](http://www.mvmpartners.com).