

CAPITAL

The World's Hottest VC?

Asad Jamal, the man who found Baidu.com, goes on his own.



DFJ ePlanet Ventures Managing Director Asad Jamal took Silicon Valley global.

JEFFREY BRAUERMAN

“He’s the shadow behind.”

MORTEN LUND,
CEO,
BULLGUARD

Think of venture capital and you might picture Kleiner Perkins’ wonky John Doerr. Or Bob Valentine of Sequoia. Or maybe you think of Sand Hill Road, the leafy Menlo Park enclave that’s home to powerhouses such as eBay backer Benchmark Capital, which made a huge mark during the boom. But since the bust, another name has been on the rise in Silicon Valley, one with a perspective that goes far beyond Menlo Park.

Asad Jamal, 45, has pushed the industry to look beyond the confines of the Valley. That’s how he discovered Baidu.com, the Chinese web portal that lit up the stock market last year with a 353 percent first-day

price jump; got into Skype, the Internet telephony company purchased by eBay for \$4.1 billion in September; and took a piece of Focus Media that has nearly doubled in value since its IPO last July. He’s the best venture capitalist you’ve never heard of.

Mr. Jamal is the brains behind venture capital’s globalization. But ask people in Silicon Valley about the former Peregrine Investments senior banker and you’ll get shrugs. Sevin Rosen’s Steve Dow, for example, has been a Valley VC since 1983 and says he’s never worked with him. But then again, that may not be surprising. Mr. Jamal has been in the shadow of flamboyant financier

Tim Draper (who even has his own theme song).

But now Mr. Jamal has told *Red Herring* he is cleaving his investment team at ePlanet Ventures from its mother ship: Draper Fisher Jurvetson.

Mr. Jamal, a graduate of the London School of Economics, went to Mr. Draper in 1999 and convinced him to go global. No other firm in the Valley would have bitten for the idea at a time when you could walk down the street in Palo Alto and trip over the next billion-dollar idea. “DFJ listened to my theory and thesis and took us seriously,” says Mr. Jamal.

Mr. Draper was on his fifth venture fund at the time, and had promised his investors

it would be spent within the United States. Mr. Draper had already worked out a scheme of profit sharing, rolodex swaps, and mutual partnerships that would give him exposure to a wider swath of deals. But he was starting to itch for a global reach. When he was working on Hotmail, which he sold to Microsoft for \$400 million in 1998, Mr. Draper sent an email invitation to one man in India and three weeks later had 100,000 new email users. "That was enough for me," he says.

So Mr. Jamal took the mantle of the Draper franchise and raised a \$650-million fund in 2000—just before the bottom fell out of the U.S. tech market. When that fund runs out—sometime in 2006—the two firms will go their separate

ways. Mr. Jamal will raise his own fund and Mr. Draper will go global through his eighth fund and a new cadre of affiliates.

The split follows the success of Skype—an investment that demonstrates the wide reach of the network Mr. Draper and Mr. Jamal have built. Tim Draper came to Skype through Howard Hartenbaum, a partner at Draper Richards, the venture firm run by William Draper III, Tim Draper's father. Mr. Hartenbaum, stationed in Luxembourg, pulled both Tim and William Draper into the company in 2002 through the Draper Investment Company—a family fund. When it came time to up the ante, Tim Draper had to use ePlanet's money to invest in Skype's \$18.8-million second round of funding in March 2004.

Mr. Draper, who holds the title of partner in ePlanet Ventures through an agreement of the affiliate network, decided to take the board seat at Skype. He loves the company and boasts about its ability to change everything as if it were his own child. But the winnings from the \$4.1-billion buyout by eBay accrued to ePlanet's fund, not Draper Fisher Jurvetson's. Of course, DFJ didn't exactly miss out on the winnings. The firm gets a cut from the proceeds of all its affiliate partners.

Now, thanks to contractual changes to a new \$400-million fund, which closed in 2004, Tim Draper can drop dough into any country in the world. That makes for an interesting relationship with ePlanet. "Let's say there's the next Baidu

in China and they want to do the deal and we want to do the deal, how are you going to do that?" asks Mr. Jamal.

"There was no reason to have two things running in parallel," Mr. Draper says.

The two seemed to make a good team, though. When Morten Lund, CEO of antivirus vendor BullGuard, took a \$2.5-million investment from ePlanet in 2003 his first interview was with Mr. Draper, who was excited about entering into a deal. His second interview was with Mr. Jamal, however, who pulled apart BullGuard's business model. "He's the shadow behind," Mr. Lund says of Mr. Jamal. "He seems very cool." Now that ePlanet and DFJ have decided to part ways, Asad Jamal may begin casting a long shadow of his own. 

Reprinted with permission from Red Herring, January 30, 2006.

© Red Herring. All Rights Reserved. On the Web at www.redherring.com.



ePlanet Ventures

Global Venture Capital

ePlanet Ventures

Silicon Valley	+1.650.701.8500
London	+44(0)20.7361.0140
Singapore	+65.6538.3353
Hong Kong	+852.2273.5749
Tokyo	+81.3.5325.3212
Beijing	+86(10)6505.9398
Shanghai	+86.21.5292.9911
New Delhi	+91.11.4141.4107