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Morgenthaler Partners Raise \$175M For Canvas Venture Fund

Three partners from Morgenthaler Ventures have raised a \$175 million information technology fund under a new name, [Canvas Venture Fund](#).



The managing directors of the fund are from Morgenthaler:

Gary Little, Rebecca Lynn and Gary Morgenthaler. The fund, which closed above its \$150 million target, also has a new management company, Morgenthaler Technology Investment Company, which is a separate entity from the past Morgenthaler management company. Two previous general partners from Morgenthaler are not continuing with the new fund: Bob Pavey and Mark Goines.

Little, Lynn and Morgenthaler are still GPs in Morgenthaler's last vehicle, \$400 million Fund 9, which included information technology and life sciences investments. Also the new fund has promoted to Ching Wu to partner, marketing and investor relations, and Alex Nigg to venture partner.

Morgenthaler also previously spun off its life sciences investments with the team from Advanced Technology Ventures into a new fund called Lightstone Ventures.

Canvas Venture Fund will keep Morgenthaler's focus on early stage investments in Series A and Series B deals (but not seed investments). Areas that the fund will focus on include enterprise, cloud and big data, financial startups, healthcare IT and mobile. Past investments in some of these verticals include Practice Fusion, Check and [Lending Club](#).

"We have a very deliberate investing style," Lynn said. "We look at verticals then do a deep dive analysis in that space to really understand what's interesting what's not. What factors to look for and companies that can be really huge... We had a thesis in 2008 with the crash and debt markets frozen, we felt that would be a fine opportunity to make a big bet and we found Lending Club."

The firm was able to raise the new fund on the strength of the last fund, which includes growth companies that have been valued at more than \$1 billion, such as Evernote and Lending Club.

Søren Thinggaard Hansen is head of private equity at Industriens Pension, one of the largest pension funds in Denmark, and a limited partner in the new Canvas fund. He says Morgenthaler has been in the top decile of his firm's funds since 2000. He also likes the firm's move to a smaller fund because it matches the lower capital requirements of startups today.

"It's a better match with the more capital efficient model today for startups," Hansen said.

Smaller funds are an increasing trend (despite a handful of billion dollar funds), as angel investors raise “Micro VC” funds and traditional venture firms like Morgenthaler become smaller or more focused on particular sectors.