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Venture capitalists remains 'bullish' on N.J. entrepreneurs

By João-Pierre Ruth

The investment community has its collective eye on small and growing companies in the state, according to market watchers. Capital is available for early-stage entrepreneurs looking to evolve, said **Jay Trien**, president of Venture Association New Jersey. In fact smaller companies seeking investments may have an easier time landing new backers, he said. "The bigger investments have been slower," Trien said. "Venture funds aren't even sure they can raise more money."

Edison Ventures, in the Lawrenceville section of Lawrence Township, is now reaping the rewards from funding a company that grew from a staff of four to more than 360 employees over eight years. The company, **GAIN Capital Holdings Inc.**, in Bedminster, went public on Dec. 15, raising \$81 million in gross proceeds from 9 million shares priced at \$9 per share. GAIN is a provider of online trading services specializing in foreign exchange.

Chris Sugden, managing partner with Edison Ventures, said through the initial public offering, his firm saw an 18 times return from GAIN Capital on a \$2 million investment in 2002. Sugden said GAIN serves a large and growing market for foreign currency exchange. By going public, he said, GAIN is in a position to make acquisitions and consolidate its industry. "This is the kind of company that is created on the West Coast in Silicon Valley," Sugden said. "We remain bullish on New Jersey entrepreneurs."

Edison Ventures is actively looking for other potential investments, he said. Sugden said his firm especially wants to help companies that generate \$5 million to \$10 million in revenue to eventually grow and generate more than \$50 million in revenue.

Trien said early-stage companies looking now for investments under \$3.5 million might also find suitors eager to fund their ideas. With rents low for office space, more personnel available for hire and equipment priced on the cheap, Trien said a small investment now can support a growing company for some 16 months. That is when venture capitalists hope the economy revives enough to support larger funding. "This is a perfect environment for investors to get good valuations," Trien said.

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