

## Private Equity Partners | market update

## Third Quarter 2010

## Growth and Innovation in America

*Ten private equity backed companies to lead us into the future*

As we recently completed our quarterly reports for our investors, we were taken aback by the number of high growth, innovative companies in America that not only survived the economic storm but thrived through it. We narrowed the list down to ten private equity backed companies, within our portfolio, that are at the forefront of American innovation. These ten companies have each developed game-changing offerings that are transforming their given sectors of operation.



**Twitter**, a California-based provider of social networking and micro-blogging services, is changing the ways in which people communicate and has opened up a new medium for everything from job searches to product promotions. Additionally, the site recently surpassed the 100 million user mark.<sup>1</sup>



**Zynga**, a California-based provider of gaming applications that allows users to play against friends within social networks, has helped to shape the face of social network gaming. The four-year old company currently employs over 1,200 people.<sup>2</sup>



**iGPS**, a Florida-based producer of RFID-tagged, all-plastic shipping pallets for the global transportation of goods, has helped make the shipping industry safer for food-based products. The company's products, which are 30% lighter than their wood counterparts, compete in the multi-billion dollar global shipping industry and allow transporters to better track and protect their goods in-transit. The 100% recyclable pallets also help to reduce fuel and transportation costs.<sup>3</sup>



**Netflix**, a California-based provider of online movie rental subscription services in the United States and Canada, has increased revenue nearly 20% per annum since 2006 to approximately \$1.7 billion (in 2009) while simultaneously helping to change the ways in which consumers access media. Netflix employs more than 2,000 people.<sup>4</sup>



**Groupon**, an Illinois-based provider of daily-deal email offerings, is changing the way that we receive and share coupons. The company has increased clients' awareness among consumers and has saved its users (consumers) more than \$500 million since inception; a substantial number given the state of the economy since the company's launch in 2008.<sup>5</sup>



**Lighting Science Group**, a Florida-based LED manufacturer, is competing head-to-head with global competitors as customers are converting to LED lighting solutions, which are up to 85% more energy efficient and have up to 60 times the useful life of incandescent lighting. Today, the LED market is estimated to be \$10.7 billion with potential to reach \$20.4 billion by 2012.<sup>6</sup>

## PANDORA

**Pandora**, a California-based internet music service, has emerged as a competitor to satellite and traditional radio. With internet, mobile, and auto platforms, the company has expanded its registered user-base to more than 60 million. Pandora is projected to increase revenue by nearly 100% in 2010.<sup>7</sup>



**TPI Composites**, an Arizona-based developer of wind blades for industry leaders GE Energy and Mitsubishi, manufactures large, aerospace quality blades at industrial cost in facilities near the customers' end-market. Benefiting from the U.S. stimulus plan, TPI has added manufacturing facilities in Newton and Sioux City, IA and Fall River, MA.<sup>8</sup>

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**Globus Medical**, a Pennsylvania-based developer of spinal solutions, has stayed on the forefront of innovation as a result of its in-house prototype shop and small development teams. The company has launched 26 different systems in its first four years.<sup>9</sup>



**Tesla Motors**, a California-based electric car manufacturer, is well positioned to benefit from the increased demand for electric vehicles that is expected to reach 10.6 million vehicles worldwide by 2015. Tesla has received 2,200 orders for its 2012 Model S sedan and recently signed an agreement with Toyota to develop an electric version of the RAV4.<sup>10</sup>

We selected just ten U.S. companies from our portfolios to make our point, but there are numerous others (many in our portfolio) that could have made the list including Facebook, First Solar, GreenDot and VMware to name a few. We are hopeful the innovation these companies have shown will lead the world back into growth mode. If you would like to learn more about any of the companies discussed, please give us a call.

## Piper Jaffray Private Capital Authors a Special Report on the CleanTech State of the Market



Clean technology is transforming major global industries. Global demand for energy is increasing and traditional resources are becoming scarce. To fill this gap, CleanTech innovation is occurring rapidly and renewable solutions are becoming cost-competitive with traditional solutions. Our CleanTech State of the Market report highlights the catalysts in place for CleanTech investments to generate outsized returns. We invite you to download a copy [here](#), and let us know your thoughts. We're eager to hear from you.

## Upcoming Events

We are regular speakers and attendees at key industry conferences. We hope to see you at these upcoming conferences:

- **October 11-13:** Danny Zouber will be speaking at the CleanTech Forum New York 2010 in New York City  
<http://events.cleantech.com/newyork/>
- **October 11-13:** The Public Safety Employees Pension & Benefits Conference in Palm Springs, CA  
[http://www.ncpers.org/Conferences/PSEP\\_BC.asp](http://www.ncpers.org/Conferences/PSEP_BC.asp)
- **October 19-20:** Family Office Exchange Fall Forum in Chicago  
[www.foxexchange.com](http://www.foxexchange.com)
- **November 14-17:** International Foundation of Benefits - 56th U.S. Annual Employee Benefits Conference in Honolulu  
<http://www.ifebp.org/Education/UsAnnual/default.htm>
- **November 18-21:** SRI in the Rockies in San Antonio  
[www.sriintherockies.com](http://www.sriintherockies.com)

1 Source: Reuters

2 Source: VentureBeat

3 Source: iGPS website

4 Sources: CapitalIQ, Netflix website

5 Source: Groupon website

6 Sources: Home Depot website, Research and Markets 2009-2010 Report

7 Sources: Reuters, New York Times

8 Sources: TPI Composites website, Sioux City Journal

9 Source: Globus website

10 Sources: Tesla Motors S-1 filing, Tesla Motors website

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