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VENTURE FUNDS GO TO FLORIDA TELECOM FIRMS

By Cherie Jacobs

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TAMPA - Although technology firms nationwide are getting venture capital, they're seventh on the list in Florida.

Although Florida entrepreneurs are getting more venture capital funding, the money is focused primarily on telecommunications companies - not technology, like in the rest of the country.

That's the conclusion of a PricewaterhouseCoopers report, released Monday, that examined patterns of venture capital funding over six years. The report is part of the Florida Venture Capital Conference, which begins Wednesday in Boca Raton.

Florida entrepreneurs have received \$2.95 billion in venture investments since early 1995, the report said.

Venture capital firms pool money from large investors, then use it to fund start-up, young or expanding companies. It's a high-risk investment with potentially big payoffs if the firm goes public or is acquired.

In Florida, most funding is going to later-stage companies, not start-ups, said Marty Donsky, business development and marketing manager for PricewaterhouseCoopers.

Established companies are less risky, venture capitalists say. When other investments are losing money, investors turn to more-sure companies.

Nationally, software and other technology-related companies top the list of venture-backing. But in Florida, technology is seventh, Donsky said.

"Software has really driven the new economy," Donsky said. "When people talk about the hot technology markets in the country, they don't talk about Florida."

Instead, the venture money in Florida goes to telecommunications firms.

"It's not been a high-tech state," said **John Hill**, managing director at **Hyde Park Capital Partners**, a Tampa merchant bank in the venture capital industry. "There is, right now, a transition from more of a service approach, from a technology perspective, to communications."

An attorney who represents technology companies seeking venture funds said it is difficult to find funding right now.

"Ideas aren't getting funded," said Marty Traber, chairman of the corporate and finance practice for the Tampa law firm Foley and Lardner. "If you get an idea funded, it is only because it is the best thing since sliced bread."

Scott Miller, managing director of Lovett Miller, a Tampa venture capital firm, said telecommunications companies may get more dollars than technology, but more tech start-ups in the Tampa Bay area are funded with smaller amounts of money.