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Term Sheet *by Dan Primack*

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Random Ramblings

Venture capitalist Brad Feld recently joined the board of Harmonix, the Boston-area gaming company best known for producing Guitar Hero, Rock Band and Dance Central. Or, from a Term Sheet perspective, best known for being acquired by Viacom – which then got into a bitter earnout dispute with the company's co-founders and later sold it off via a giant tax write-off.

Feld was actually an early angel investor in Harmonix during the mid-1990s, helped put together its first seed round and would later help form a VC firm (Mobius Venture Capital) that was one of the company's first institutional backers. This time around he was asked to join the board by Harmonix co-founders Alex Rigopulos and Eran Egozy, but only agreed to do so if his current firm (Foundry Group) could get a small piece, per firm rules. Harmonix agreed.

So I emailed Feld, to ask why he has confidence that Harmonix can pull another hit out of its hat, particularly in a world where console gaming seems to be getting eclipsed by mobile. His reply:

"Very, very few companies in the world have the kind of track record that Harmonix does of creating hit games over and over again. And it's not just the track record. I've gotten a sneak peak at their new games, and they are going to blow people away. Mobile games get a lot of attention, deservedly, and Harmonix has some really interesting projects in the works on that front. But in the midst of all of the hype around mobile games, it's important to remember that no game on a small screen in your hand will ever replace the kind of immersive entertainment experience you can have on the big screen with big speakers in your living room. High-end games for the living room are here for good, and with the wave of new consoles on the horizon, that sector is about to get extremely exciting again."

*** **Serious question:** How much of the VC-backed IPO slowdown is related to the relative dearth of investment banks who still have interest in \$75-\$150 million tech offerings? The top-left on the past 12 months of such offerings is so concentrated that the Duke Brothers might try shorting it.

*** **As Dell Turns:** I still don't believe that Blackstone ultimately will submit a fully-financed bid for Dell. And I

also don't believe that it's going through all of this rigmarole to influence potential jurors in the PE conspiracy case. I do, however, think that part of its mental math is that this process could make Blackstone a future tech space player. Remember, many of its large tech deals were veritable disasters (Freescale, etc.) -- with those leading those deals no longer at the firm. In fact, Blackstone's tech rep was so nonexistent that Michael Dell didn't even think to call them last summer. Even if Blackstone doesn't bid on Dell, it has signaled to boards and bankers that they should ring on large tech opportunities going forward.

*** **Deal-sourcing:** It seems that IntraLinks wants to expand from where M&A deals get transacted to where deals get sourced. The listed company today announced that it is acquiring Miami-based PE-Nexus and London-based MergerID (from FT Group) for an undisclosed amount.

Expect that the early integration will likely be links between the sites, with a more comprehensive platform coming later. This whole space fascinates me, particularly as the notion of proprietary deals seems more and more antiquated. And we're seeing it throughout the entire ecosystem, whether it be venture capital (AngelList) or private equity (IntraLinks, AxialMarket, etc.). The question for me is if there needs to be a clear winner per segment, or if multiple players can survive and thrive...

*** **A bunch of you have asked** me to chime in on David Stockman's critique of private equity in his new book, *The Great Deformation*. Particularly given that my prior writings on Stockman have been fairly critical (see [here](#) and [here](#)), based on his time with Blackstone Group and his own (failed) private equity firm. So I plan to buy the book this weekend and report back on Monday. In the meantime, Katie Benner spoke with Stockman about the book and [posted a Q&A here](#).

A banner advertisement for UnitedHealthcare. On the left, a man in a blue polo shirt is shaking hands with a woman. The background shows a construction site with cranes. On the right, there is a blue box with white text that reads: "We're more than 78,000 people looking out for more than 70 million Americans. That's HEALTH IN NUMBERS™". To the right of this text is the UnitedHealthcare logo and the text "Visit uhc.com >".

Stuff to read @[Fortune.com](#)

- **Pre-Marketing:** Using Goodfellas to understand Dell, the jellyfish entrepreneur, biz balks at immigration deal, a tale of two tails and what to do with stock options in flagging startups.
Katie Benner: [David Stockman's dystopia](#)
Stephen Gandel: [Libor probe continues in New York](#)
Jeff Busgang: [4-step guide to landing a start-up job](#)
Philip Elmer-DeWitt: [The iPad death watch](#)
Dairy Queen vs. Baskin-Robbins: [China's delicious cold war](#)
Nin-Hai Tseng: [On immigration, should America be more like Canada?](#)

The Big Deal

Madison Dearborn Partners and **TPG Capital** are the final bidders for **National Financial Partners** (NYSE: NFP), a New York-based wealth management firm, according to Reuters. NFP has a current market cap of approximately \$900 million. BoA Merrill Lynch is managing the process. www.nfp.com

VC Deals

SuperSonic Imagine, a French ultrasound company, has raised €28 million in new VC funding. **French Investment Fund (FSI)** led the round, and was joined by Alto Investment, Kuwait Life Sciences Co. and return backers Edmond de Rothschild Investment Partners, Auriga Partners, Omnes Capital, CDC Entreprises, NBGI Ventures, Wellington Partners, iXO Private Equity and Mérieux Développement. www.supersonicimagine.com

Aquinox Pharmaceuticals Inc., a Vancouver-based developer of small molecule therapeutics for the treatment of inflammatory disease, has raised US\$18 million in Series C funding. **Johnson & Johnson Development Corp.** led the round, and was joined by Augment Investments and return backers Pfizer Venture Investments, Ventures West Capital and Baker Brothers Investments. www.aqxpharma.com

Zozi, a San Francisco-based provider of discovery and booking services for unusual local activities and travel experiences, has raised \$10 million in new private equity and debt funding. Forerunner Ventures and Par Capital Partners were joined by return backers like LaunchCapital, the Pritzker/Vlock Family Office and 500Startups. www.zozi.com

Private Equity Deals

Astorg Partners has agreed to acquire **Canberra**, the nuclear measurement subsidiary of France's **AREVA SA** (Paris: AREVA). No financial terms were disclosed. www.astorg-partners.com

Aztec Systems Inc. of Dallas and **Toutatis Client Services do Brasil SA** of Sao Paulo have completed their previously-announced merger, forming a single IT and business process outsourcing firm that has been renamed Toutatis AztecSolutions. No financial terms were disclosed. Both Aztec and Toutatis are portfolio companies of **GlendonTodd Capital**. www.glendontodd.com

Lynx Equity has acquired **NRG Equipment Inc.**, a Canadian provider of HVAC products for various construction and renovation applications. No financial terms were disclosed. www.nргеquipment.ca

North Castle Partners has invested an undisclosed amount into **Ignite USA LLC**, a Chicago-based developer and marketer of reusable thermal mugs and hydration bottles. www.gocontigo.com

IPOs

Fairway Group Holdings Corp., a New York-based food retailer owned by Sterling Investment Partners, has set its IPO terms to 13.65 million shares being offered at between \$10 and \$12 per share. It plans to trade on the Nasdaq under ticker symbol FWM, with Credit Suisse, BoA Merrill Lynch, Jefferies and William Blair serving as co-lead underwriters. The company reports a \$12 million net loss on around \$555 million in revenue for the fiscal year ending April 1, 2012. www.fairwaymarkets.com

Exits

InVentiv Health Inc., a Burlington, Mass.-based portfolio company of **THL Capital** and **Liberty Lane**

Partners, has sold its sample management and fulfillment business to J. Knipper & Co. No financial terms were disclosed. www.inventivhealth.com

Rosetta Stone (NYSE: RST) has acquired **Livemocha Inc.**, a Seattle-based online language learning community, for \$8.5 million in cash. Livemocha had raised around \$14 million in VC funding from firms like August Capital and Maveron LLC. www.livemocha.com

Other Deals

MedImmune, a unit of **AstraZeneca** (LSE: AZN), has acquired **AlphaCore Pharma**, an Ann Arbor, Mich.-based developer of a bloodstream enzyme that helps remove cholesterol from the body. No financial terms were disclosed. www.alphacorepharma.com

Firms & Funds

CapMan has closed its second private equity fund focused on small and mid-sized business in Russia, with approximately \$124 million in capital commitments. www.capman.se

Anchorage Capital Partners has closed its second fund with A\$250 million in capital commitments. The Sydney-based private equity firm focuses on special situations and turnaround opportunities in the Australian, New Zealand and Southeast Asian markets. www.anchoragecapital.com.au

Arsenal Capital Partners has closed its third fund with \$875 million in capital commitments. The New York-based private equity firm focuses on lower middle market specialty industrial and healthcare companies. www.arsenalcapital.com

Moving In, Up and On

Brian Pokorny has rejoined **SV Angel** as a general partner. He had been a strategic partner with the firm before leaving to become CEO of DailyBooth. www.svangel.com

Joe Farren has joined **LDC Private Equity** as a Yorkshire-based investment director. He previously was head of UK corporate development for listed construction materials company SIG PLC. www.ldc.co.uk

David Hirsch has joined **The Pritzker Group** as VP of operations. He previously was a manager in Crowe Horwath's transaction services practice. www.pritzkergroup.com

Ian Palm has joined the Toronto office of law firm **Gowling Lafleur Henderson LLP**, where he focuses on private equity, M&A and corporate finance. He previously was a partner with McCarthy Tetrault. www.gowlings.com

Robert Rogers has joined **Cambridge Associates** as an associate director focused on discretionary portfolio management. He previously was a managing principal with both Seacross Global Advisors & Oechsle International Advisors. www.cambridgeassociates.com

Greg Shaia has joined **Macquarie Capital** as a senior managing director and U.S. head of consumer/retail coverage. He previously served in a similar position with Moelis & Co. www.macquarie.com

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