

DAG Ventures, Kleiner Perkins At It Again With 3VR Security

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Less than a year after its Series B, 3VR Security Inc., which sells video surveillance management systems, has raised \$15 million in Series C funding led by new investor DAG Ventures.

The round also includes follow-on investments from VantagePoint Venture Partners, In-Q-Tel and Kleiner Perkins Caulfield & Buyers. San Francisco-based 3VR raised a \$5 million first round in 2004 and then landed a \$10 million second round in December 2005.

DAG Ventures, the venture capital arm of Duff Ackerman & Goodrich LLC, has led a handful of deals this year in companies also backed by Kleiner Perkins. Other recent deals include Podshow Inc.'s \$15 million Series B round, a \$12 million Series B round for Oakley Networks Inc., and a \$10 million financing for Friendster Inc.

DAG Ventures prefers to invest at an earlier stage, but made an exception for 3VR Security, DAG Ventures General Partner John Cadeddu said. "In a perfect world the technology is working and companies are just starting to buy," he said.

DAG decided to invest in 3VR because of the huge surveillance market, its mature management team and unusually strong customer references, Cadeddu said. This is DAG's only physical security portfolio company, although it does invest in traditional security, such as Mu Security Inc., which makes security analyzer appliances that detect vulnerabilities in IP-based applications and devices.

"With this one our hope is that we don't sell anytime soon, that we patiently let it get big," 3VR Security co-founder and Chief Executive Stephen Russell said. "There is clearly a lot of opportunity, and this team is one of those that can run a big company on its own." DAG is not taking a board seat, he said.

3VR Security develops intelligent video management systems that combine traditional video recording with facial biometrics and analytics to make surveillance searchable. With 3VR, customers can search and program alerts for specific people, objects, and activity. Late last month 3VR Security released 3VR version 5.0, which federates facial surveillance data enabling face watch lists, alerts and searches across distributed systems.

3VR Security has named a number of high profile deployments, such as Wells Fargo, the U.S. Army and the Coast Guard. The majority of 3VR's customers are national and regional banks.

<http://www.3vr.com>