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## Innovance lands huge financing deal

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OTTAWA -- **Innovance Networks Inc.** is set to announce today that it has landed a huge financing deal that will make it Canada's best-funded technology startup to date.

Innovance, an Ottawa-based fibre-optic networking company, will announce that it will receive \$88-million in its latest round of venture capital from seven major institutional investors and two of its industry's biggest players.

In December, 2000, the startup got a round of financing worth \$115-million -- at the time the largest single deal for a private Canadian technology company.

Innovance, founded less than two years ago, had also landed \$30-million in seed financing shortly after it opened its doors. It has now attracted an astounding \$233-million in those three rounds of financing, more than any other Canadian-based tech startup.

"We are excited by the level of customer interest in our solution," Peter Allen, Innovance's chief executive officer said in a press release to announce the deal.

The company said it will use the latest pool of money largely to take its suite of products to market.

**Catena Networks Inc.**, which is developing infrastructure equipment for high-speed Internet access, landed a \$75-million (U.S.) deal in January and has now received \$192-million in venture capital since it was founded in 1998.

Although it has virtually all of its employees in Ottawa, Catena is based in Redwood Shores, Calif.

The record for cumulative financing by a Canadian-based company had been held by telecommunications equipment maker **Hyperchip Inc.** of Montreal, which has attracted at least \$215-million (Canadian) in its four rounds of financing. Hyperchip also signed its latest financing deal, a \$70-million investment, last month.

The three huge deals are the latest in a flurry of hefty venture capital agreements in recent months for Canadian technology companies, providing evidence that money has not dried up for the most promising companies, despite the technology industry's struggles.

Kirk Falconer, director of research for Macdonald & Associates Ltd., a Toronto-based firm that tracks the Canadian venture capital industry, said investors are looking for companies and market niches with big potential. "These are exceptionally high-growth companies."

Entrepreneurs and financiers also say the vast majority of the funding -- since the downturn started more than a year ago -- has been received by startups that have established customers and are beyond their initial stages of growth. Much of the funding for startups has been going to telecommunications equipment companies, particularly in Ottawa.

Mr. Falconer said Canadian tech companies are attracting more money because of interest coming from south of the border. "It's strong American interest in emerging Canadian technology."

The Innovance deal involves big U.S. institutional investors and fibre-optic giants **JDS Uniphase Corp.** of Ottawa and San Jose, Calif. and **Corning Inc.** of Corning, N.Y.