

# Kleiner Perkins Caufield & Byers

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## Kleiner Perkins Caufield & Byers

<b>Type</b>	Private
<b>Industry</b>	Venture Capital
<b>Founded</b>	1972
<b>Headquarters</b>	Menlo Park, California, United States
<b>Key people</b>	Eugene Kleiner, Tom Perkins, Brook Byers, Bill Joy, John Doerr
<b>Products</b>	Investments, private equity funds
<b>Website</b>	www.kpcb.com <sup>[1]</sup>

**Kleiner Perkins Caufield & Byers (KPCB)** is a venture capital firm located on Sand Hill Road in Menlo Park in Silicon Valley. *The Wall Street Journal* has called it one of the "largest and most established" venture capital firms in the world.<sup>[2]</sup> *The New York Times* has called it "one of Silicon Valley's top venture capital providers," and said that it is "one of Silicon Valley's most prominent venture capital firms."<sup>[3][4]</sup> Reuters news service has called KPCB "one of the most successful venture capital firms in the world."<sup>[5]</sup> KPCB was known as one of the more progressive venture capital firms in Silicon Valley when it came to hiring women, with 12 female partners out of 49 partners total.<sup>[6]</sup> However in May 2012, partner Ellen Pao sued the firm for gender discrimination,<sup>[7]</sup> which KPCB has vigorously denied.<sup>[8]</sup> The case is ongoing.

KPCB specializes in investments in incubation and early stage companies.<sup>[9]</sup> Since its founding in 1972, Kleiner Perkins Caufield & Byers has backed entrepreneurs in more than 500 ventures including AOL, Amazon.com, Citrix, Compaq, Electronic Arts, Genentech, Genomic Health, Google, Intuit, Juniper Networks, Netscape, Sun, Symantec, Verisign, WebMD and Zynga. More than 150 of the firm's portfolio companies have gone public, and many other KPCB ventures have achieved success through mergers and acquisitions. KPCB focuses its global investments in three practice areas – digital, greentech and life sciences.<sup>[10]</sup> Its team includes the world leading venture capitalist John Doerr; Sun Microsystem's co-founder Bill Joy; NASA rocket scientist K. R. Sridhar; former US Vice President Al Gore; and former US Secretary of State Colin Powell.<sup>[11]</sup>

The firm is based in Menlo Park, California. It has offices in Shanghai, China and in Beijing, China.<sup>[12]</sup>

## The firm

KPCB is a world leader in investments in Information Technology, Energy, Greentech industries, Utilities, the Life Sciences, and Pharmaceuticals.<sup>[2][13]</sup> KPCB is highly selective in the companies it invests in, and it aims to build "category defining companies" that will become leaders in the field.<sup>[14]</sup> It has traditionally focused on early-stage investments, but also does later-stage investments.<sup>[14][15]</sup> KPCB is highly respected within the industry, and is regarded as having the best track record of building world-class companies. As such, an investment by KPCB is considered a sign that a company has great potential.<sup>[16][17]</sup>

Notable members of the firm include partners John Doerr, Ray Lane, and Brook Byers, as well as high-profile individuals such as Sun Microsystems co-founder Bill Joy (who joined as partner in January 2005), former U.S. Secretary of State Colin Powell (who joined in July 2005 in the newly-created position of "strategic limited partner"), Vinod Khosla and former U.S. Vice President Al Gore, who joined as partner in November 2007<sup>[18][13]</sup> as part of a collaboration between KPCB and Gore's firm Generation Investment Management (GIM) to promote green technology, business and policy solutions.<sup>[19]</sup>

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The firm was named after its four founding partners: Eugene Kleiner, Tom Perkins, Frank J. Caufield, and Brook Byers. KPCB was formed in 1972.

Like other venture capital firms, the firm does not discourage transactions among companies in which it holds a stake.

## History

The growth of the venture capital industry was fueled by the emergence of independent investment firms on Sand Hill Road. Kleiner, Perkins, Caufield & Byers, founded in 1972, was among these pioneers. At that point, the founders of most venture capital firms came from financial backgrounds, however Kleiner Perkins's founders distinguished themselves through their technology industry experience; Kleiner was a founder of Fairchild Semiconductor and Perkins was one of the leaders of Hewlett-Packard's early computer hardware division. Located in Menlo Park, California, Kleiner Perkins would have access to the burgeoning technology industries in the area. By the early 1970s, there were many semiconductor companies based in the Santa Clara Valley as well as early computer firms using their devices and programming and service companies. Venture capital firms suffered a temporary downturn in 1974, when the stock market crashed and investors were naturally wary of this new kind of investment fund. Nevertheless, Kleiner Perkins was still active in this period. Kleiner invested in Tandem Computers, an early manufacturer of computer systems, founded in 1975 by Jimmy Treybig.<sup>[20]</sup>

It was not until 1978 that venture capital experienced its first major fundraising year, as the industry raised approximately \$750 million.

## Congressional questioning of Al Gore's involvement

On April 24, 2009, during a congressional hearing, Tennessee Congresswoman Marsha Blackburn asked Gore if he was a member of KPCB, and then inquired: "The legislation that we are discussing here today, is that something that you are going to personally benefit from?"<sup>[21]</sup> She cited constituent concerns about Gore's role with KPCB as the reason for her inquiry. Gore stated that every penny made from his investments were put in a non-profit to spread awareness of climate change. The exchange ended with Gore stating: "Do you think there is something wrong with being active in business in this country?... I am proud of it. I am proud of it."

## Investments

The company has been an early investor in more than 300 IT (information technology) and biotech firms, over the past thirty five years, including: Amazon.com, America Online, Brio Technology, Compaq, GenScript, Electronic Arts, Flextronics, Genentech, Google, Intuit, Lotus Development, LSI Logic, Macromedia, Netscape, Quantum, Segway, Sun Microsystems, and Tandem.<sup>[22]</sup> Current private investments include EEstor, Vertica, Chegg, shopkick, Zynga, Ocarina Networks, Plum District, Cooliris, Clean Power Finance and OptiMedica.

KPCB paid \$4 million in 1994 for around 25% of Netscape and profited from Netscape's IPO and subsequent \$4 billion acquisition by America Online. An investment of \$8 million in Cerent was worth around \$2 billion when the optical equipment maker was sold to Cisco Systems for \$6.9 billion in August 1999.

In 1999, Kleiner Perkins and Sequoia Capital paid \$25 million for 20% of Google—as of November 2008 Google's market capitalization stood at about \$108 billion. As initial investors in Amazon.com KPCB scored returns of over 55,000% at the December 1999 peak of that stock, although the value of that investment was subsequently reduced by downturns in Amazon.com's stock price.

In March 2008, KPCB announced the iFund, a \$100 million venture capital investment initiative that funds innovators developing applications, services, and components for Apple's iPhone and iPod touch platform, including shopkick, Path, Booyah and Shazam. KPCB's other mobile initiatives also include an investment in InMobi, a mobile ad network based out of Bangalore. KPCB doubled their iFund investment in April 2009 to \$200 million.<sup>[23]</sup>

In April 2008, it was reported that KPCB was raising funds for a \$400 million growth-stage clean-technology fund.<sup>[24]</sup> In October 2010, KPCB has launched a new \$250 mn fund called sFund to fund the startups in the social space with Facebook, Zynga and Amazon.com as its co-investors.<sup>[25]</sup>

## Think America

In 2008 KPCB announced its plan to put as many as 50,000 electric cars on U.S. roads beginning late next year and could make the famed tech region south of San Francisco a center for these vehicles. The venture will be called Think North America and be based in Menlo Park, California.<sup>[26]</sup>

The plan will bring together Kleiner with RockPort Capital Management, a venture capital firm focused on clean technology, and Think Global, a Norwegian electric car maker.<sup>[26]</sup>

## KPCB XIII fund and Green Growth Fund

In May 2008, KPCB announced the formation of its most recent fund, KPCB XIII. KPCB XIII plans to invest \$700 million over roughly a three-year period, backing entrepreneurs and innovation in greentech, information technology, and life sciences ventures. The firm also announced the opening of its \$500 million Green Growth Fund, which intends to help speed mass market adoption of solutions to the world's climate crisis. KPCB XIII will mainly back early stage entrepreneurs, while the Green Growth Fund will support companies that have already entered their growth phase. The greentech coverage of KPCB XIII and the Green Growth Fund will extend the firms' existing collaboration with London-based Generation Investment Management. Through their alliance, the firms actively work together to find, fund, and accelerate green solutions with the greatest potential to help solve the climate crisis. John Doerr, the firm's leader, said that this \$1.2 billion investment would help bring breakthrough inventions to the market.<sup>[27]</sup>

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## External links

- Kleiner Perkins Caufield & Byers (<http://www.kpcb.com/>)
- Videos of Khosla, Doerr, Komisar (<http://edcorner.stanford.edu/materialSearch.html?keywords=KPCB&x=0&y=0>), speaking at Stanford

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