



**Building Bridges**  
For Today's Opportunities  
and Tomorrow's Success

Spring 2010

## In this issue

- String of successful Software as a Service (SaaS) investments continues for River Cities
- Portfolio News

---

## About River Cities

River Cities provides venture capital and growth equity financing for healthcare and information technology companies.

Our investment focus is on established, fast-growing companies with market-proven technology, services and solutions.

Founded in 1994, we have \$400MM under management in four funds and are actively investing out of Fund IV which closed on \$120MM in 2008.

River Cities is looking to partner with strong managers to help build their businesses into market leading companies.

---

## Investment Team

Glen Mayfield  
Ted Robinson  
Dan Fleming  
Ed McCarthy\*  
Carter McNabb  
Eric Lenning  
Rob Heimann  
Rik Vandevenne\*  
Parag Rathi

\*Southeast Office

---

## Contact Us

Cincinnati Office  
221 E 4th Street  
Suite 2400  
Cincinnati, OH 45202  
(513) 621-9700

Raleigh Office  
3737 Glenwood Avenue  
Suite 100  
Raleigh, NC 27612  
(919) 573-6111

[email us](#)

[@River\\_Cities\\_VC](#)

## String of successful Software as a Service (SaaS) investments continues for River Cities

River Cities is pleased to announce the successful IPO of SPS Commerce on Thursday April 22nd. The company was one of six IPOs, in what was the busiest day for the U.S. IPO market in more than two years.



SPS had the honor of being the only IPO to trade above the offering price during the day. The stock opened at \$14 on the NASDAQ, up 17% from its initial public offering price of \$12. A total of 4.1 million shares, almost 1 million more than originally planned, were sold.

SPS Commerce offers a SaaS supply-chain solution for businesses to manage orders, warehousing, accounting, packing and shipping while keeping suppliers up to date on rule changes from major retailers like Wal-Mart and Target. The company ended 2009 with revenue up 23% to \$37.7 million and net income of \$1.2 million. 80% of their revenue is recurring.

SPS Commerce marks the third successful SaaS portfolio exit for River Cities in the recent past. In 2007 EVault was sold to Seagate for \$185 million as the foundation of their managed data protection services offering, i365. In 2009 McAfee acquired MX Logic for \$170 million to add hosted email filtering to its "Security as a Service" solution. Another four SaaS companies in the River Cities portfolio continue to grow revenue consistently and profitably, and we anticipate more profitable exits in the future.

River Cities SaaS companies' results were assimilated with several comparable public SaaS companies in preparing the River Cities SaaS Benchmarking study that can be downloaded [here](#). This study is a comprehensive analysis of what key metrics should be measured and tracked in managing successful SaaS businesses.

[Back to top](#)

---

## Portfolio News:

[EndoChoice Acquires Pathworks Anatomic Pathology Laboratory →](#)

[Symbionix Introduces Their First Mobile App for Surgical Education →](#)

[SciQuest Unveils Procurement Business Assessment Service for Life Sciences Companies →](#)

[Edgewater Acquires Fullscope, Inc. →](#)

[Back to top](#)