Turning Out The Lights: Semiconductor Company MetaRAM

(Note: We’re keeping an ongoing tally of venture-backed company shutdowns this year as VentureWire reports on them. See the list below. Look for these postings under the title, “Turning Out The Lights.”)

MetaRAM Inc., a semiconductor company that boasted some high-profile executives and investors, is shutting down, VentureWire reported.

The San Jose-based company had raised an undisclosed amount of funding from Kleiner Perkins Caufield & Byers, Intel Capital, Khosla Ventures and Storm Ventures.

MetaRAM, which raised an $8 million Series A round in 2006, has ceased operations, according to co-founder and Chief Executive Suresh Rajan. “We’re in the process of shutting down the company,” he said. Rajan declined to discuss the company or total funding. The company’s investors could not immediately be reached for comment.

Founded in 2006, MetaRAM had hired as chief executive Fred Weber, who was chief technology officer of Advanced Micro Devices Inc. from 1995 to 2005. Weber provided big-name credibility to the start-up as it sought to compete against some larger competitors.

Weber is no longer with MetaRAM and Rajan has assumed the chief executive role, Rajan said, declining to discuss when or why Weber left.
MetaRAM also had on its board of directors Bill Joy, former chief scientist of Sun Microsystems Inc. and a partner at Kleiner Perkins.

The company’s technology was designed to reduce the costs of servers and workstations by up to 90%. MetaRAM said it could use less expensive memory to provide four times the number of one-gigabit DRAM temporary memory chips in computers. MetaRAM was selling its accessory chips that run alongside DRAMs as of February 2008, according to a Wall Street Journal article at the time.

Below is a list of other venture capital-backed companies in alphabetical order that have gone belly up this year, as reported by VentureWire. If you know of any other such companies that have closed their doors this year, please send us a tip at vcdispatch@dowjones.com.

Allux Medical Inc., Menlo Park, Calif. - For the past four years, it had been developing devices for treating upper airway and dermatological inflammatory diseases. But the company shut down after raising at least $13 million from Prospect Venture Partners, Three Arch Partners and Venrock, according to our records.

Aspen Medtech Inc., Bellevue, Wash. - Unable to secure enough funds to continue operations, venture-backed medical device incubator Aspen Medtech Inc. shut down. Aspen Medtech was founded in mid-2007 with $1 million in funding from Prospect Venture Partners and Three Arch Partners.

Autonomic Networks Inc., Mountain View, Calif. - The company decided to shut its doors after failing to secure a new round of venture capital. Formerly known as Vernier Networks, the company started out in 2001 as a provider of network access control products that use computer equipment to manage the people and programs that have access to corporate networks. Under the new name the company made equipment that enables organizations to remain compliant with network security protocols. Investors included Allegis Capital, DCM, Foundation Capital, Masthead Venture Partners, Utah Ventures (now UV Partners), Venrock and Weber Capital.

BrightScale Inc., Sunnyvale, Calif. - The maker of chips used for video processing shut down after it “came to the end of [its] rope,” according to its main investor, Adams Capital Management. In 2003, Adams Capital joined individual backers to invest $6.2 million in BrightScale, formerly known as Connex Technology.

Cogentus Pharmaceuticals Inc., Menlo Park, Calif. - The pharma filed for Chapter 7 bankruptcy after raising more than $80 million, including a $62.5 million round just over a year ago, from investors such as Apothecary Capital, Keffi Group, Prospect Venture Partners, Pinnacle Ventures and Ridgeback Capital. Cogent intended to conduct Phase III trials for a pill designed to provide protective cardiovascular benefits while reducing gastrointestinal side effects associated with anti-platelet therapy.

Coghead Inc., Redwood City, Calif. - With dwindling financial resources and an outstanding loan from Western Technology Investment, the Web application company shut down its
operations and sold its intellectual property to one of its investors, SAP AG. American Capital Strategies Ltd. and El Dorado Ventures had also invested in Coghead.

**Cswitch Inc.**, Santa Clara, Calif. - The maker of communications semiconductors failed to raise enough funding to bring its chips into production and abandoned an effort to sell the company, so it shut down. Cswitch raised $41 million over two rounds from investors including ATA Ventures, Bay Partners, Charles River Ventures, GF Private Equity Group, Harris & Harris Group, Masters Capital, Micron Ventures and Mitsubishi UFJ Capital Co.

**DiObex Inc.**, San Francisco - Its venture backers - which include Domain Associates, Inventages Venture Capital, FirstMark Capital, Sofinnova Ventures and others - cut the company’s headcount to zero and planned to sell DiObex’s asset, a diabetes drug, after failing to raise capital on acceptable terms.

**Dynogen Pharmaceuticals Inc.**, Waltham, Mass. - A planned merger with a special purpose acquisition company sputtered last year, and its lead drug candidate later failed in clinical trials, leading to a Chapter 7 bankruptcy. Dynogen raised about $67 million from a group that included Atlas Venture, Abingworth Management, HealthCare Ventures, Oxford Bioscience Partners, Pappas Ventures and SV Life Sciences.

**Elephant Pharmacy Inc.**, Berkeley, Calif. - “Burdened with obligations” too big for the company to carry on, the operator of health and wellness stores shut its doors and is liquidating under Chapter 7 bankruptcy. The company had raised at least $49 million from Tudor Investment’s Rapter Global fund, JPMorgan Chase’s Bay Area Equity Fund., CVS Corp., David Hadley of D.F. Hadley & Co., and Arthur Rubinfiel, former executive vice president of Starbucks Corp.

**Hammerhead Systems Inc.**, Mountain View, Calif. - Big customers, a top-flight engineering staff and $110 million in venture backing was not enough to save Hammerhead, a data-switching company that closed its doors. The company filed for Chapter 7 bankruptcy in May. Investors included Apex Venture Partners, Enterprise Partners Venture Capital, Foundation Capital, Lighthouse Capital Partners, Mayfield Fund, FirstMark Capital and Silver Creek Ventures.

**Innovative Spinal Technologies Inc.**, Mansfield, Mass. - The spinal-surgery device maker reportedly shut its doors and filed for bankruptcy after seven years in operation. It had raised nearly $75 million in funding from investors including GE Healthcare, JPMorgan Partners, MPM Capital, OrbiMed Advisors and Oxford Finance.

**Kadoink Inc.**, San Francisco - After failing to secure a second round of financing, the provider of a mobile content delivery and advertising platform discontinued its service. It raised a $7 million Series A round in November 2007 from Sutter Hill Ventures and angel investors. It also had a $2 million loan from Hercules Technology Growth Capital.

**NebuAd Inc.**, Redwood City, Calif. - The online behavioral tracking start-up, which drew Congressional scrutiny over its privacy policy, revealed in court filings that it is shutting down.
The shutdown is a blow to Menlo Ventures and Sierra Ventures, which bet more than $30 million on NebuAd.

**Nevis Networks Inc.**, Mountain View, Calif. - The company, which made a range of products that protect local-area networks (LANs) from unauthorized users, filed for Chapter 7 bankruptcy. Nevis had 165 employees in its heyday, and more than $32 million in backing from some of the venture industry’s top firms: BlueRun Ventures, New Enterprise Associates and NewPath Ventures.

**nTag Interactive Corp.**, Boston - After seven years of trying to modernize the corporate conference industry with digital name tags that can communicate with each other wirelessly, nTag filed for Chapter 7 bankruptcy. Pilot House Ventures and Sevin Rosen Funds had invested more than $20 million in the company starting in 2004.

**OmniSonics Medical Technologies Inc.**, Wilmington, Mass. - The developer of an ultrasound technology that breaks up blood clots filed to liquidate under Chapter 7 bankruptcy in March. Its investors included Domain Associates, General Electric Pension Trust, Nomura Phase4 Ventures and Prism VentureWorks.

**Ortega InfoSystems Inc.**, Fremont, Calif. - The security software company filed for Chapter 7 bankruptcy. Previous investors included Harbinger Venture Management and Sycamore Ventures.

**Pegasus Biologics Inc.**, St. Paul, Minn. - In May, the company ceased operations after unsuccessful fund-raising efforts and went into a sealed bid auction process for its assets. In July, it agreed to sell the assets to Synovis Life Science Technologies Inc. for $12.1 million in cash. The purchase price is less than the roughly $38 million in equity and debt raised by Pegasus. Previous investors in the company included Affinity Capital Management, Frazier Healthcare Ventures, Life Science Angels, Onset Ventures and Three Arch Partners.

**SafePage Corp.**, Menlo Park, Calif. - Backed by Canaan Partners and founded in early 2008, SafePage was looking to build a “secure personal portal” that would give people quick access to their private Web sites. It went straight from stealth mode to the start-up graveyard.

**Silicon Navigator Corp.**, Cupertino, Calif. - Venture investors decided to pull the plug on this company, founded in 2003 as a provider of electronic design automation software for chipmakers. Investors included Cadence Design Systems Inc., Intel Capital and ITU Ventures.

**Sotto Wireless Inc.**, Bellevue, Wash. - The stealthy wireless service provider, whose executives and investors are linked to pioneering telecom company McCaw Cellular Communications Inc., failed to make enough traction and shut down operations. It raised roughly $14 million from Ignition Partners and VantagePoint Venture Partners.

**TallyGenicom L.P.**, Chantilly, Va. - Printing products company Printronix Inc. tapped its owner Vector Capital for about $10 million in additional equity as part of a deal to buy competitor
TallyGenicom assets out of bankruptcy. TallyGenicom, which was backed by Arsenal Capital Partners and founded in 2003, filed for Chapter 11 in Delaware.

**TeachFirst Inc.,** Seattle - After a promising beginning, the educational training company fell on hard times and filed for Chapter 7 bankruptcy, effectively putting an end to an eight-year-old company backed by several small funds and angel investors.

**Trusera Inc.,** Seattle - The operator of a health Web site that had teetered on the brink of closure since March, tipped over the edge in May. Trusera was backed with $2 million in funding from investors including Benaroya Capital; Erik Blachford, former CEO of Expedia Inc.; Christopher Ackerley, partner at Ackerley Partners; Kim Rachmeler, vice president at Amazon.com Inc.; and Craig Tall, vice chair of corporate development at Washington Mutual Inc.

**Ugobe Inc.,** Eagle, Idaho - The maker of the Pleo robotic dinosaur - a lifelike, interactive toy that drew generous media coverage and many fans - filed for Chapter 7 bankruptcy in April. Ugobe’s investors included First Round Capital, Frontier Management Group, Hyield Venture Capital, and Maxima Capital.

**Ultreo Inc.,** Redmond, Wash. - The company, which made a battery-powered toothbrush that used ultrasound waveguide and sonic bristles, has shut down after failing to find an interested investor or buyer. Ultreo raised a total of $28.1 million in venture capital, including an $11.3 million round in May 2007, VentureWire records show. Its venture investors included Polaris Venture Partners.

**Verified Pass Identity Inc.,** New York - The provider of faster airport security lines for approved travelers, which did business as Clear, has closed its doors less than a year after raising $44.4 million in venture capital. Spark Capital led a $44 million Series F in the company last summer. Prior to that, the company had raised $38.7 million. Its other investors include Baker Capital, GE Security, Lehman Brothers, Lockheed Martin, Syncom Venture Partners and Steven Brill, the company’s founder and former chief executive.

**Yoomba Inc.,** Menlo Park, Calif. - The latest VoIP technology maker to shut down. Yoomba, originally from Israel, was backed by Global Catalyst Partners and U.S. Venture Partners

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