

Increasing Web Focus, Morgenthaler Promotes Rebecca Lynn To Partner

By Tomio Geron

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Long-time venture capital firm Morgenthaler has promoted principal Rebecca Lynn to partner.

Lynn, who has a background in engineering, consumer finance, and brand and online marketing, is part of the firm's increasing focus on consumer Internet, mobile and cloud start-ups.

Lynn was an executive at Procter & Gamble, then an early employee at NextCard, which was backed by Sequoia Capital and Kleiner Perkins Caufield & Byers. She was vice president of marketing at the start-up, which was the first online credit card company, and helped scale the company from 30 employees to 1,300 people. Lynn's areas of investing focus are consumer Internet, mobile and health 2.0 companies.

Lynn's consumer finance experience has come in handy working with Lending Club, a fast-growing start-up that provides peer-to-peer loans, and which recently received a preemptive Series C round led by Foundation Capital. In addition to sitting on the board at Lending Club, she is also on the board of Practice Fusion Inc., an electronic health records start-up.

David Morgenthaler in 1968 established the firm, which had been known for investing in areas such as semiconductors and systems components. But in recent years it has increasingly added a focus on consumer technology such as consumer Internet, mobile and cloud companies, in addition to life sciences. On the consumer tech side recent bets include Siri Inc., which was recently acquired by Apple Inc.; Evernote Corp., Lending Club and Sezmi Corp. Morgenthaler in 2008 also split off its venture arm into a separate \$400 million fund from its buy-out fund.

"The firms that survive are those that can re-invent themselves," Lynn said.

Morgenthaler takes a "multi-generational approach," with the guidance of long-time investors such as Founding Partner David Morgenthaler and Partner Bob Pavey, as well as more recent additions such as Partner Gary Little, a former Apple executive, and finally support for new partners and associates, Lynn said. She first realized this after she was recruited in 2007 by Little to try out at Morgenthaler while she was completing her J.D./M.B.A. at University of California Berkeley.

"David Morgenthaler has a tradition of asking the youngest person in the room what they think first," Lynn said. "I was in business school and he wanted my unvarnished opinion."

Lynn looks for entrepreneurs who have a "go through walls" mentality, citing Lending Club Chief Executive Renaud Laplanche, who has built the company despite challenges with financial regulation.

Notably, Morgenthaler has not moved to seed-stage investing, like many firms, preferring to partner with super angels and invest in companies at the Series A level once they have gotten some traction.

While the firm was not extremely active with new investments after the economy collapsed in 2008, it has been ramping up its investments, Lynn said. The firm is also hiring new associates. The venture firm, based in Menlo Park, Calif., now has 10 partners: six in technology and four in life sciences.