

THE WALL STREET JOURNAL.

- [PRO VC INDUSTRY NEWS](#)

David Morgenthaler, One of Venture Capital's Founding Fathers, Dies at 96



David Morgenthaler *PHOTO: GARY MORGENTHALER*

By [DEBORAH GAGE](#)

June 20, 2016 3:52 p.m. ET

David T. Morgenthaler, who in 1968 used his own capital to start one of the nation's first venture-capital firms and would go on to raise more than \$3 billion in financing over his career, has died at the age of 96.

He built Morgenthaler Ventures in Cleveland into a firm that invested in more than 325 startups in areas ranging from information technology to life sciences, an investment focus that was inspired in part by one of his son's battles with cancer.

Mr. Morgenthaler was also an early leader who shaped the venture capital industry and its policy agenda. He was one of the founding directors of the National Venture Capital Association, which started as “an old boys’ club” of about 20 firms that got together to pitch deals, his son Gary said.

As NVCA president, Mr. Morgenthaler oversaw the group’s move from Chicago to Washington, hired permanent staff and set a legislative agenda that resulted in rolling back the capital gains tax from 49% to 28% as an incentive to create entrepreneurial companies.

In 1979 Mr. Morgenthaler led the industry’s successful effort to amend legislation that would allow pension funds to invest in private-equity and venture-capital firms, boosting the amount of money flowing into venture capital. He was recognized for work on that issue in 1996 when he was awarded the NVCA’s first lifetime achievement honors.

Over the years, as the venture-capital industry changed, Mr. Morgenthaler created separate funds for his firm’s private-equity and life-sciences investing, and eventually stopped investing in hardware.

The firm set up offices in Silicon Valley and it created a separate early-stage fund for software and technology-enabled services that it ultimately rebranded as Canvas Ventures under a separate management company in 2013. Gary Morgenthaler is a senior adviser at Canvas in addition to being a partner at Morgenthaler Ventures.

Mr. Morgenthaler remained active in the firm until hours before his death, according to Gary Morgenthaler. He said he was testing a digital health app for a startup, HealthLoop Software Co., from his hospital bed at the Cleveland Clinic and advising Chief Executive Todd Johnson on how to improve it.

“At age 96, almost 97, who does that?” his son said.

David Morgenthaler was born in 1919 in a small town in rural South Carolina. His mother left home when he was 3 to work as a nurse and left him in the care of a maiden aunt, who died of respiratory infection when David was 12.

He earned bachelor's and master's degrees in mechanical engineering from Massachusetts Institute of Technology. On December 8, 1941, the day after Japan attacked Pearl Harbor, he reported for duty with the U.S. Army Corps of Engineers.

He was promoted to captain and at age 23, commanded a company of 300 men building airfields in Northern Africa. He also led the Headquarters and Service Company and was chief technical officer of the 21st Aviation Engineer Regiment following the invasion of Italy.

After World War II ended, Mr. Morgenthaler was on the founding teams of several startups. He was vice president of sales at Delavan Inc., which made jet-engine fuel nozzles, and chief executive at Foseco, a foundry-services business.

Despite his wealth, David Morgenthaler remained thrifty, Gary Morgenthaler said. He drove a 20-year-old Lincoln Continental with whitewall tires that he periodically restored. "In a consumer-oriented society, David was the ultimate non-consumer," Gary Morgenthaler said.

In his philanthropic work, Mr. Morgenthaler was a trustee of the Cleveland Clinic, and he funded a professorship of entrepreneurship at Carnegie Mellon University. At Stanford University, the \$50,000 David T. Morgenthaler Grand Prize for student engineer-entrepreneurs was established in his honor.

He also served on the Science, Technology and Economic Advisory Board of the National Academies, which advises the White House on scientific issues.

Mr. Morgenthaler is survived by his wife Lindsay, three children, seven grandchildren and four great grandchildren. The cause of death was withheld. Memorial services are pending.

Write to Deborah Gage at Deborah.Gage@dowjones.com