



March 18, 2005

## **Nano-Tex: Solid numbers, and hair of the dog, seal the deal**

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It might have been the "jumping dog hair demo" that clinched [Norwest Venture Partners'](#) backing in [Nano-Tex's](#) recent \$35 million fund-raising round.

The Emeryville company makes high-tech fabric treatments to reduce wrinkles and resist stains for companies including the [Gap](#), [Eddie Bauer](#) and Nike. Execs were in Norwest's Palo Alto offices asking for capital last year. Seven-year-old Nano-Tex wanted to expand its product line, broaden its geographic reach and make its brand more visible in stores.

Nano-Tex already had a relationship with Norwest. (CEO Donn Tice says they had been cultivating such VC relationships for years through industry groups, conference appearances and the like.) Nano-Tex had also presented a polished 50-page offering memo explaining why it merited Norwest's support. But when Tice dumped dog hair on a table, demonstrating how the fur wouldn't stick to fabric treated with Nano-Tex's anti-static product, VC Jeffrey Crowe and colleagues truly lit up.

"You say, My God," Crowe recalled. "I think it is one of the few nanotech companies that everyone is going to understand."

Nano-Tex, which had three previous backers, [WL Ross & Co.](#), Masters Capital and Firelake Capital Management, had been looking to add two more since August, originally aiming to raise \$20 million. The company employs nearly 100 employees in locations from Osaka to Istanbul, with the majority in Emeryville. It also has more than 100 customers, popular products and two years of profitability.

"We didn't want one of these highly syndicated offerings," Tice said. "We wanted to concentrate on a few serious investors that would add some particular skills and experience."

Still, Nano-Tex initially contacted 21 VCs, blue-chip firms from around the country that had previously expressed an interest in the company.

"We had a jump out of the gate, and even with that, we still made 50 presentations (to the 21 firms)," Tice recalled. By the end of 2004, Nano-Tex ended up with 11 bids, narrowed to five serious contenders. Though all could provide financial support, Nano-Tex chose Norwest, in part, because Crowe had success founding, building and taking companies public prior to becoming a VC. And Howard Hughes Medical Institute, the other new investor, could open doors to other scientific research groups -- potential customers with particular fabric needs.

"Our instincts were informed by the pace with which the investor approached the company and ... the quality of relationship in terms of the open, honest dialogue you could have," Tice said.

Industry analysts have been buzzing that the company could go public as early as February. Tice won't comment on a pending IPO but did say he has, "very high confidence that in the market we're in, that our core products can ultimately achieve \$30 million to \$50 million in revenue in 3 to 5 years."