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## VCs lure BlackLocus to Austin

**Silverton, like most investment firms, prefers to 'buy local'**

*Premium content from Austin Business Journal - by Christopher Calnan , ABJ Staff*

Friday, July 15, 2011



Nick Simonite

BlackLocus CEO Rodrigo Carvalho just arrived from Pittsburgh. His investors in Texas told him if they're to get involved, he has to be closer.

**A local venture capital firm has recruited a Pittsburgh-based company to Austin, highlighting the influence that early-stage investing can have on Central Texas' economy.**

When Silverton Partners invested in a \$2.5 million Series A round of funding for BlackLocus Inc. last month, the capital came with a caveat: BlackLocus needed to move to Austin because the firm prefers to invest in local startups.

As result, BlackLocus CEO **Rodrigo Carvalho** moved over the July Fourth weekend, and his company is expected to bring 10 local jobs by the end of the year.

Carvalho's company develops a Web-based platform for online retailers to analyze their competitors' prices. It got on Silverton's radar screen when it won the tech transfer investment prize during the Houston-based Rice University Business Plan Competition in April.

The company's move to Austin is "exciting because it pulls new talent into the area and creates connections," said Silverton partner **Morgan Flager**.

## **Coming ... and going?**

But VC recruiting can be a two-way street, and the results may not always favor Austin. That's the worry of several advocates of entrepreneurship and economic development in Central Texas, who point out that, relatively speaking, Austin has a dearth of venture capital firms, and they fear the area could lose companies in the future because of that.

It hasn't happened yet in any notable cases, said entrepreneur **Joshua Baer**. Though the co-founder of Capital Factory, which supports local tech startups, said he knows of a few fledgling entrepreneurs who took their business to places like Boston or San Francisco with the hope of more easily securing venture capital.

The amount of venture capital invested in Austin-area companies declined 17 percent during the first quarter compared with the same period last year. Local venture-backed companies collected \$63.7 million during the quarter versus \$77 million during the first three months of 2010, according to Dow Jones VentureSource.

**Courtesy of JB Goodwin**