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Groups take stake in company that brings media to hospital-bound

Fundamental Capital and **Greyrock Capital Group** invested \$5 million for a “substantial ownership position” in **Allen Technologies Inc.** of Burlingame.

The company provides hospital patients and their guests a range of fee-based entertainment and e-commerce services such as premium satellite entertainment and on-demand movies as well as email and other Internet services.

Allen Technologies contracts with more than 65 hospitals, serving approximately 50,000 hospital beds.

The investment is Fundamental Capital’s first deal. The new investors will serve on the board and as interim executives to help Allen Technologies expand.

“We’ve found a very well run small company with an enormous growth



ON THE MONEY

Mark Calvey

opportunity ahead of it,” said Kevin Keenley, managing principal at San Francisco-based Fundamental Capital.

The relationship with Allen Technologies began as consulting work with Fundamental Capital and grew into the investment announced this month.

Rather than raise an investment fund, Fundamental Capital draws on the financial resources of its 19 founding investors to help back its transactions that focus on companies with revenue of \$5 million to \$50 million.

The firm also relies on a couple dozen operating partners to assist clients and portfolio companies.

Fundamental Capital prefers to focus on companies outside technology, given the wealth of venture capital and other resources targeting that high-growth sector.

Keenley said he expects to announce in the next month or so a larger deal involving the buyout of a larger company, which is also based in the Bay Area.

Having the young firm’s first two deals involve Bay Area companies might be more than coincidence.

“The business is very relationship driven and lends itself to focusing on companies in California and the West,” Keenley said.

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