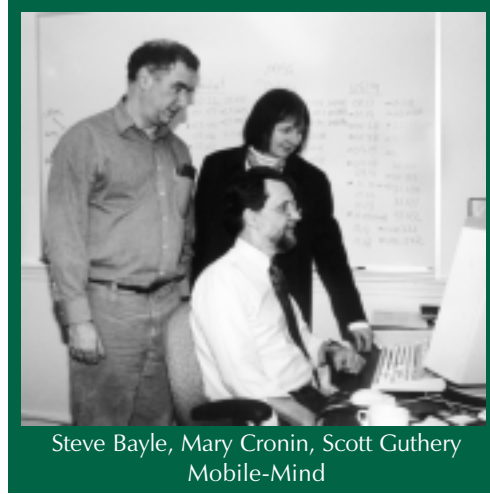




Portfolio Spotlight

Mobile-Mind: Wireless Security and Corporate Productivity on the SIM

Mobile-Mind, Inc. is bringing new levels of security to corporate wireless users by building applications and system software for the Subscriber Identity Module (SIM). The SIM is a smart chip found inside many wireless devices, most notably in the 435 million GSM phones worldwide. Mobile-Mind's wireless applications utilize the advantages of the SIM by providing secure interaction with corporate data at any time from anywhere in the world.



Steve Bayle, Mary Cronin, Scott Guthery
Mobile-Mind

Mobile-Mind's standards-based solutions provide end-to-end security between portable devices and enterprise systems. Coupled with the built-in security of the GSM network itself which provides air-link encryption and continuous re-authentication, SIM-based applications achieve a level of data integrity and confidentiality that is simply unreachable by open platform solutions such as those using WAP or PDA devices. This means that the device user and the enterprise system can initiate actions from the wireless device without compromising corporate data. With instant updates and secure interactions at their fingertips, corporate personnel are able to be much more productive and responsive to customers.

One example of the enhanced productivity solutions that Mobile-Mind provides is Remote Network Management (REMNET). REMNET allows network administrators to monitor, manage, and communicate with a variety of network resources using their mobile phones. According to Steve Bayle, Mobile-Mind's Executive VP of Business Development and COO, REMNET is good news for systems administrators. "REMNET offers a much more efficient work flow for both the network user and the systems administrator. Whether the administrator is in the next room or half way around the world, he or she can fix your problem instantly {through their SIM device}," he explains.

Inside the US, the market for SIM technology is growing at an astronomical rate with Palm, Handspring, and Microsoft introducing SIM-enabled products, and Cingular and AT&T overlaying GSM on their existing wireless network. Mary Cronin, Mobile-Mind President, notes that demand for Mobile-Mind solutions will grow right along with this boom, since "managers are realizing the advantages of secure access to corporate data from wherever they are in the world."

Mobile-Mind is working with leading wireless and multinational corporations to design and distribute their products. Additionally, Mobile-Mind CTO Scott Guthery is active in international standards groups, which according to Mary, "gives Mobile-Mind unique insight into application and product development strategy for our next-generation technology." Steve indicates that Mobile-Mind is an attractive partner for multinational enterprise solution providers. "Our core competence is in SIM-based wireless technology, where most companies don't have in-house expertise, so companies realize the value of partnering with us," he says.

Erik Rasmussen, Aurora board representative for Mobile-Mind expects great things from the company and its management. "Mobile-Mind is at the forefront of a very hot technology space. Their team is incredible and they know the markets they are penetrating very well. I have complete confidence in their ability to succeed."

For additional information visit their website at www.mobile-mind.com

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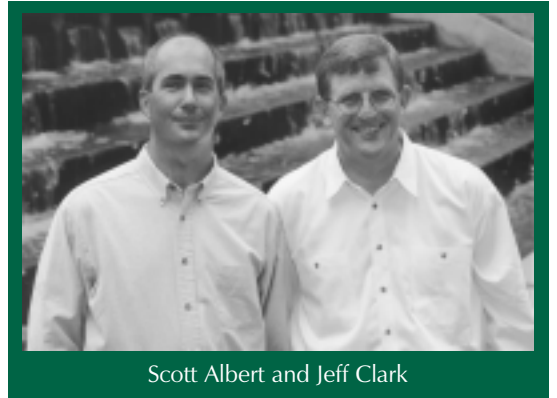
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INVESTING IN EMERGING TECHNOLOGY-BASED COMPANIES

Volume 2 Number 2 Spring 2001

Thriving in Down Markets from a Venture Perspective

In February, Venture Economics reported that only 25.5% of new investments made during the fourth quarter of 2000 were first-round financings. This statistic illustrates a national slowdown in early-stage venture investing. Other national outgrowths of the down market include low valuations along with low exits, as well as company shutdowns accompanied by layoffs. According to Jeff Clark and Scott Albert, Aurora General Partners, the current market presents an interesting set of challenges for venture capitalists.



Scott Albert and Jeff Clark

With new funding in tight supply, venture capitalists are reserving new investment dollars for only top-tiered companies. As a result, many companies that might have been funded before the market swing may now miss the funding boat all together. "Venture capitalists are much more careful about the new companies they choose to invest in. The companies that do make the cut can expect lower initial investment valuations because of the lower expected exit valuations in this market," says Scott.

"What this means," says Jeff, "is that companies that come to venture firms seeking a first round of financing should have a well thought-out, complete business model, strong IP, the best, most experienced management teams, and a customer pipeline to get serious consideration for new funding." For Jeff, this translates into new investment opportunities that provide tremendous upside for investors, entrepreneurs and venture firms themselves, because companies with these complete business models have a stronger chance of success in the current down market.

Scott believes an early-stage company must have a forward-looking core technology to get funding consideration. He says, "In 2001, the market is showing us technologies in optics, data communications, and high-speed bandwidths. These are the types of technologies that we believe next-generation companies will come from."

The current market conditions not only benefit VCs by presenting top-quality companies to invest in, but create a newly available surplus of employees, which is good news for entrepreneurial companies who do find venture funding. Scott says, "Historically, sales, marketing, and business development recruits have been difficult to find. As the job market loosens up, current portfolio companies are able to add value to their customers and partners by obtaining experienced employees who strengthen corporate positioning. Some of our companies will actually be stronger as a result of the market down turn."

According to Jeff and Scott, building value in the down market presents a different set of portfolio management challenges than those of twelve to eighteen months ago. Aurora and venture firms nationwide are taking a closer look at their current portfolio, making critical strategic decisions about those investments, and shifting their investment strategies to protect their healthy deals.

The current market also dictates that VCs spend more hands-on time and money on their present portfolio than ever before. "We have a very strong set of talented management leaders and some terrific technologies with broad market application. We want these companies to thrive, not just survive," Jeff says.

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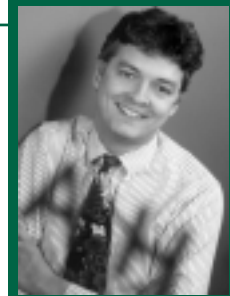
Aurora News

Aurora has hired **Kyle Chenet** and **Nasrin Gaffaney** as summer interns to assist with due diligence and other funding aspects of life science and information technology companies, respectively. Kyle is currently a MBA student at Stanford University Graduate School of Business working as a business plan analyst with Pre-VC, a group of angel investors focused on funding early stage Internet businesses, in Palo Alto, CA. Currently an MBA student at Duke's Fuqua School of Business, Nasrin has worked as a senior software engineer and staff programmer.

Portfolio News

HAHT Withdraws IPO

HAHT Commerce Inc., withdrew plans for its IPO due to unfavorable market conditions. Chairman Roland Archer cited the state of the IPO market and the drop in stock prices for comparable companies as reasons for withdrawing IPO plans. For more information about HAHT Commerce, visit www.haht.com.



Richard Holcomb
Chairman, HAHT



Bill New, Founder
Natus, Inc.

Natus Refiles S-1

Natus refiled an S-1 statement with the SEC during the first quarter of 2001. The company plans to go public this month. For more information about Natus, visit www.natusmed.com.

Mobile Internet a Hot Topic for CEOs

Fourteen Aurora CEOs and VPs of Business Development assembled for a presentation and conversation regarding the state of wireless technology. Allen Parker, Ericsson's Director of Product Engineering and Technical Support, provided unique insight during a 45-minute presentation from the point of view of Ericsson, one of the world's leaders in communications.



Don Shirley (L), Brightpod, Inc.
Bill Bird, InterAdNet

Aurora Investment Team In The Community, Q1

Scott Albert served as a panelist for the Triangle area's annual Mergers & Acquisitions seminar in February. Scott also participated in a NCTDA panel regarding angel and venture funding partnerships.

Will Brooke & Tim Taylor helped organize the South Alabama Investor's Forum, held in February. Twelve companies were highlighted in the event produced by the Alabama Information Technology Association (AITA) and The Gulf Coast Technology Council-Mobile Chamber of Commerce. Tim serves as AITA's chairman and was recently selected Director for Birmingham's venture club.

Rich Brown was a judge in Kenan Flagler Business School's 2-day Venture Capital Investment Competition in January. Rich also acts as a VC Advisor for the KFSB's 1st year business plan writing competition. Rich co-presented at Fuqua Business School on developing forecasts for a business plan. He also participated as a panelist for a wireless communications program at Ericsson in February.

Jeff Clark served as one of three panelists for CED's Executive Series program on the topic of "Raising Subsequent Rounds of Funding: Have the Times Changed?" He lectured at Duke University to the Sociology of Entrepreneurship Class regarding "Venture Capital 101." Additionally, Jeff served on the Selection Committee for Venture 2001 for the Council for Entrepreneurial Development.

Pam Newton moderated a wireless communications panel at Ericsson in Research Triangle Park in February. The topic was "The Wireless World in the New Economy". About 50 business leaders were present. Panelists included representatives from two of Aurora's information technology companies.

Erik Rasmussen served on WirelessWednesday's Fast Pitch panel, where ten of the DC-area's top start-up wireless companies presented funding pitches.

Portfolio Talk

Corporate Partnering in a Changing Economy



JP Cardona (left) and Will Holmes,
Porivo, Inc.

Developing a start-up with core technology into a fully integrated company is difficult without a straightforward business development plan, making business development professionals all the more coveted in RTP.

Since last April, JP Cardona, VP of Business Development at Porivo Technologies, has seen the business landscape change completely. "Business development is a lot harder now. Companies that were looking at new technology last year are no longer as receptive for two reasons: one, they are focused internally, trying to make their own business more profitable; and two, big companies aren't paying as much attention to start-ups, because they no longer see start-ups as a threat to their market share."

Jim Chickos, Director of Business Development at Alerts, Inc., explains the slow down of partnerships. "Organizations have returned to critically evaluating what makes a good partnership. People are back to the premise that there needs to be mutual added value in a partnership arrangement. They are no longer partnering for partnership's sake." However, Chickos doesn't see any problems on the horizon for Alerts, saying, "I think the climate remains strong for the area. There are great companies here that will always be able to develop good partnerships."

With strategic partnering becoming more important to the success of start-ups, venture capitalists are playing an important role in the business development of their portfolio. Aurora's Scott Albert says, "Business development is important because it positions and brands the company, giving it a place in the business matrix. For a start-up, making a name and space in the market is half the battle." As the market tightens and companies are pushed to make profits sooner, business development professionals are among the first for start-ups to sign on.

Mobile-Mind is currently hiring business development specialists, because the company's leadership realizes the need for corporate partnering. Steve Bayle, Mobile-Mind's Executive VP of Business Development and COO, says, "Mobile-Mind hasn't had any trouble obtaining partnerships because of our core competence is in wireless technology, where most companies don't have existing expertise."

The status of Mobile-Mind, Alerts and Porivo in this down market is summed up best by JP Cardona, "The market is pushing some start-ups out of business, but we have a unique technology in a hot space and that is helping us through these tough economic times." For additional information visit each company's website www.alerts.com, www.mobile-mind.com, www.porivo.com

Aurora's Active Portfolio Companies

Alerts, Inc. www.alerts.com	Gadgetsplace, Inc. www.gadgetsplace.com	Natus Medical, Inc. www.natusmed.com	TriVirix International, Inc. www.trivirix.com
Blackboard, Inc. www.blackboard.com	Haht Commerce, Inc. www.haht.com	Nexan, PLC www.nexan.com	United Emergency Services, Inc. www.unitedemergency.com
Brightpod, Inc. www.brightpod.com	Insect Biotechnology, Inc. www.insectbio.com	Nobex Corporation www.nobexcorp.com	Unitive Electronics, Inc. www.unitive.com
Broadband Home, Inc. www.broadbandhome.com	InterAdNet www.interadnet.com	Norak Biosciences, Inc. www.norakbioscience.com	VetCentric.com www.vetcentric.com
Cogent Neuroscience, Inc. www.cogentscience.com	MERIX Bioscience, Inc. www.merixbio.com	OxiDyn, Inc. www.oxidyn.com	ViroLogic, Inc. www.virollogic.com
Emageon, Inc. www.emageon.com	MicroMass Communications, Inc. www.micromass.com	Porivo Technologies, Inc. www.porivo.com	Volumetrics no web site available
Engenia Software, Inc. www.engenia.com	Mobile-Mind, Inc. www.mobile-mind.com	StemCo Biomedical, Inc. no web site available	Xanthon, Inc. www.xanthon.com
Foresight Corporation www.foresightcorp.com		Technauts, Inc. www.technauts.com	

Editorial Information The Aurora Update is a quarterly publication of The Aurora Funds, Inc., a Research Triangle Park, NC-based venture capital partnership that invests in early stage life science and information companies in the southeastern US. Aurora also has offices in McLean, VA, and Birmingham, AL. Pam Newton Welker edits The Aurora Update. For more information, contact Pam at pam@aurorafunds.com or (919) 484-0400. Harbert Management Corporation (HMC) is a merchant bank located in Birmingham, AL, that invests in a series of asset classes through the Harbinger family of funds. HMC is lead investor in Aurora's third fund, Harbinger/Aurora Ventures, LLC.

