



Lecture 14

Current Venture Trends and Statistics

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U.S.



2011- Largest U.S. Venture Capital Investments

Amount	Business Description
\$201,686,400	BrightSource Energy, Inc. develops utility-scale solar power plants.
\$200,000,000	Develops plastic circuits for mass applications.
\$111,920,900	Fisker Automotive, Inc. designs and manufactures electric vehicles.
\$108,000,200	Manufactures semiconductors for general-purpose chip.
\$78,575,100	Manufactures thin-film solar cells.
\$77,000,100	Beyond Oblivion provides digital music Service.
\$76,400,000	Coda Automotive, Inc. manufactures electric vehicles.
\$75,000,000	Developer of facilities for the conversion of municipal solid waste.
\$72,000,400	Provides biotechnology research services.
\$70,000,000	Provides user virtualization solutions for enterprises.



Corporate VC Investment in Clean Technology

	All Clean Tech Investment	All Clean Tech Investment	All Clean Tech Investment
Year	# Deals	# Companies	\$M Invested
1995	36	29	75.89
1996	47	40	147.07
1997	48	39	145.82
1998	39	35	118.24
1999	47	38	213.80
2000	52	42	600.35
2001	64	55	383.55
2002	64	57	361.92
2003	60	51	252.86
2004	87	66	439.54
2005	93	80	500.78
2006	154	121	1,689.96
2007	249	204	2,654.96
2008	295	236	4,069.96
2009	220	180	2,281.60
2010	284	233	3,695.22



Total US VC Investment

Industry	# Deals	# Deals	# Deals	# Deals	# Deals	# Deals	# Deals
	1995 Total	1996 Total	1997 Total	1998 Total	1999 Total	2000 Total	2001 Total
Biotechnology	177	236	246	278	266	357	332
Business Products and Services	49	71	95	140	279	462	172
Computers and Peripherals	91	98	113	91	104	138	80
Consumer Products and Services	117	130	165	161	276	285	118
Electronics/Instrumentation	49	46	53	58	54	78	61
Financial Services	44	61	86	113	190	337	145
Healthcare Services	72	136	151	154	159	169	109
Industrial/Energy	130	160	218	191	203	257	204
IT Services	61	124	166	205	453	698	329
Media and Entertainment	143	190	223	271	706	942	369
Medical Devices and Equipment	180	213	271	292	284	293	255
Networking and Equipment	81	123	140	213	290	483	335
Other	7	8	11	9	16	11	11
Retailing/Distribution	50	70	92	120	225	272	85
Semiconductors	62	71	114	120	148	254	206
Software	434	686	815	970	1,405	2,136	1,275
Telecommunications	140	212	269	338	533	867	493
Grand Total	1,887	2,635	3,228	3,724	5,591	8,039	4,579



Total US VC Investment

Industry	# Deals	# Deals	# Deals	# Deals	# Deals	# Deals	# Deals
	2002 Total	2003 Total	2004 Total	2005 Total	2006 Totals	2007 Totals	2008 Totals
Biotechnology	317	351	394	393	465	498	499
Business Products and Services	101	98	78	78	97	106	117
Computers and Peripherals	61	54	65	65	63	73	67
Consumer Products and Services	70	47	64	74	78	100	112
Electronics/Instrumentation	65	63	74	89	102	100	104
Financial Services	77	62	68	64	87	83	70
Healthcare Services	72	72	61	66	51	58	51
Industrial/Energy	131	133	145	149	223	309	364
IT Services	176	150	161	165	228	276	298
Media and Entertainment	161	136	141	205	328	399	405
Medical Devices and Equipment	235	246	277	284	361	399	403
Networking and Equipment	228	186	193	181	136	143	106
Other	3	1	3	3		7	4
Retailing/Distribution	48	32	36	37	40	47	43
Semiconductors	164	211	249	223	249	221	200
Software	988	943	926	912	962	982	1,004
Telecommunications	280	215	222	244	317	284	235
Grand Total	3,177	3,000	3,157	3,232	3,787	4,085	4,082



Total US VC Investment

Industry	# Deals	# Deals	# Deals	Amount	Amount	Amount	Amount
	2009 Total	2010 Total	2011 Total	2011 Total	2010 Total	2009 Total	2008 Totals
Biotechnology	434	473	85	784,191,700	3,765,089,000	3,682,245,900	4,490,642,600
Business Products and Services	79	87	11	40,091,100	425,601,600	276,581,800	442,542,100
Computers and Peripherals	52	65	7	72,433,100	436,038,700	371,417,800	457,604,900
Consumer Products and Services	88	108	23	96,736,900	596,149,600	378,120,300	433,121,600
Electronics/Instrumentation	64	70	15	283,309,900	437,888,600	330,411,300	800,230,700
Financial Services	55	77	16	151,853,400	563,923,900	380,447,500	490,750,900
Healthcare Services	42	43	12	68,104,000	312,080,800	146,136,800	143,896,200
Industrial/Energy	254	294	75	1,033,686,900	3,502,349,400	2,494,291,900	4,549,180,100
IT Services	233	306	76	517,248,200	1,890,915,100	1,397,286,000	2,112,648,900
Media and Entertainment	267	316	73	554,594,100	1,680,519,200	1,610,474,200	1,846,986,200
Medical Devices and Equipment	338	347	79	602,053,200	2,394,042,600	2,634,131,100	3,554,653,600
Networking and Equipment	105	63	15	111,057,200	656,154,500	815,696,100	701,029,700
Other	13	24	3	4,930,000	28,133,000	26,093,000	5,000,000
Retailing/Distribution	32	24	8	23,186,900	236,441,100	155,096,100	273,341,700
Semiconductors	124	132	23	274,131,500	1,044,285,500	719,830,400	1,516,198,700
Software	727	876	187	1,113,976,300	4,308,998,500	3,438,952,700	5,370,348,400
Telecommunications	134	142	28	141,886,000	984,318,400	525,762,100	1,469,052,000
Grand Total	3,041	3,447	736	5,873,470,400	23,262,929,500	19,382,975,000	28,657,228,300



2007 Study

- **New York, March 11, 2008** – While Silicon Valley and New England remain the country's leading regions for venture capital investment, they are not the fastest growing, according to The MoneyTree Report by PricewaterhouseCoopers and the National Venture Capital Association (NVCA) based on data by Thomson Financial.



New regions

- In the last ten years, smaller pockets in non-traditional venture capital regions have enjoyed impressive growth in the number of companies funded each year.
- New Mexico and Pittsburgh, which have not had a strong venture capital presence in the past but have recently shown notable signs of growth.
- Larger metropolitan areas such as Seattle, Los Angeles, and the Washington DC metro area, which have been quietly growing their venture base over the last ten years.



Organic and Indigenous

- “Venture capital growth is extremely organic. Once a critical mass of companies is funded in a certain region, a new ecosystem will develop,” Heesen says. “It is very magnetic in the sense that start-ups breed innovative thinkers and entrepreneurs who, in turn, attract venture capitalists. For regions that don’t have a large, indigenous venture investor base, it is important to give outside VCs a reason to visit. These unexpected regions are making venture capitalists stand up and take notice.”

Mark Heesen, president of the NVCA.



Regions

	2007		1997		% Change	
	No. of Comp	Total Investment	No. of Comp	Total Investment	No. of Comp	Total Investment
New Mexico	21	128.26	3	27.03	650%	375%
Pittsburgh/Tristate	44	198.17	12	32.32	267%	513%
Seattle	132	1253.41	65	403.2	103%	211%
Los Angeles	124	1146.04	73	459.41	72%	155%
Washington DC Metroplex	180	1282.16	105	558.24	71%	130%

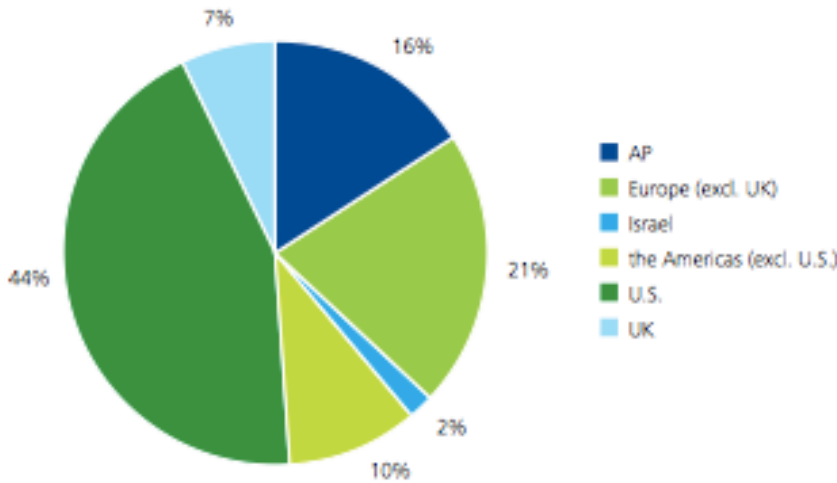


Global Trends

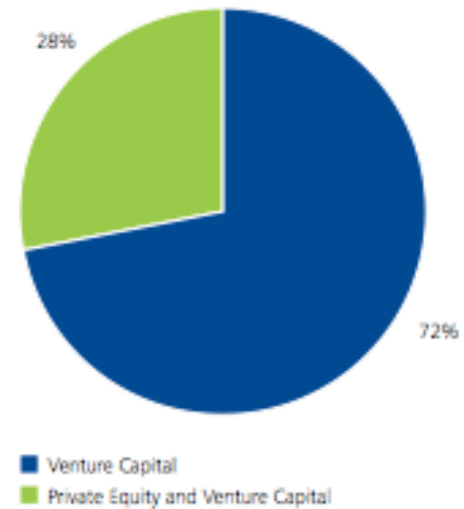


Global Trends in Venture Capital

Location of respondents



Firm type



Source: Global trends in venture capital 2009 global report - Deloitte



Global Economic Recession of 2008-2009

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- Certainly, today's economic environment is dramatically different than the one venture capitalists were operating in five years ago.
- Five years ago, the venture capital community was recovering from the tech bubble bursting and was just beginning to see significant move towards the globalization of the venture capital industry.
- Today, the economy is in a far different place. But, there are still signs of optimism.
- VCs are more attuned to the global economy and we're seeing the maturation of some sectors—specifically semiconductors and telecom—while other sectors—**clean technologies and life sciences**—are emerging as areas with great growth potential.
- With this shake up in the economy, we are seeing venture capitalists make adjustments to their investment strategy in order to weather this storm and establish the foundation to thrive in the future.

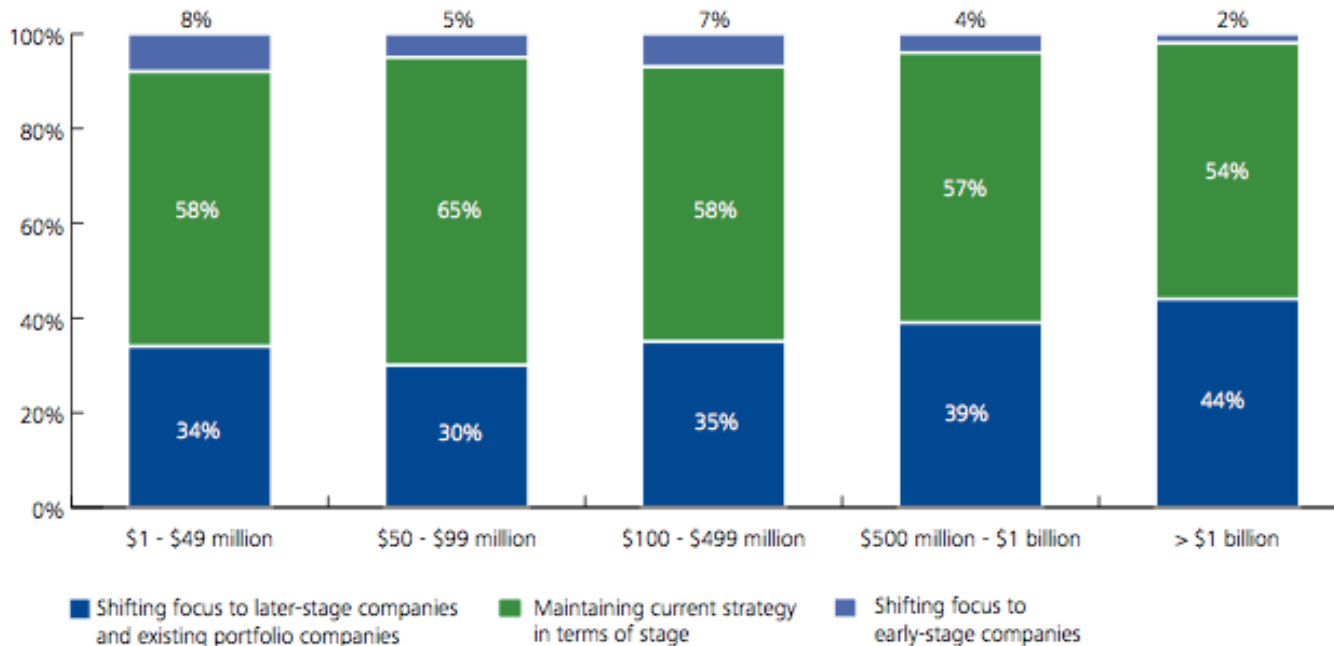
Another trend that hasn't changed in the last five years is venture capitalists' interest in **China** and **India**.

Regardless of the size of the firm, investors are intrigued by the investment possibilities of these two countries.



Impact of global recession

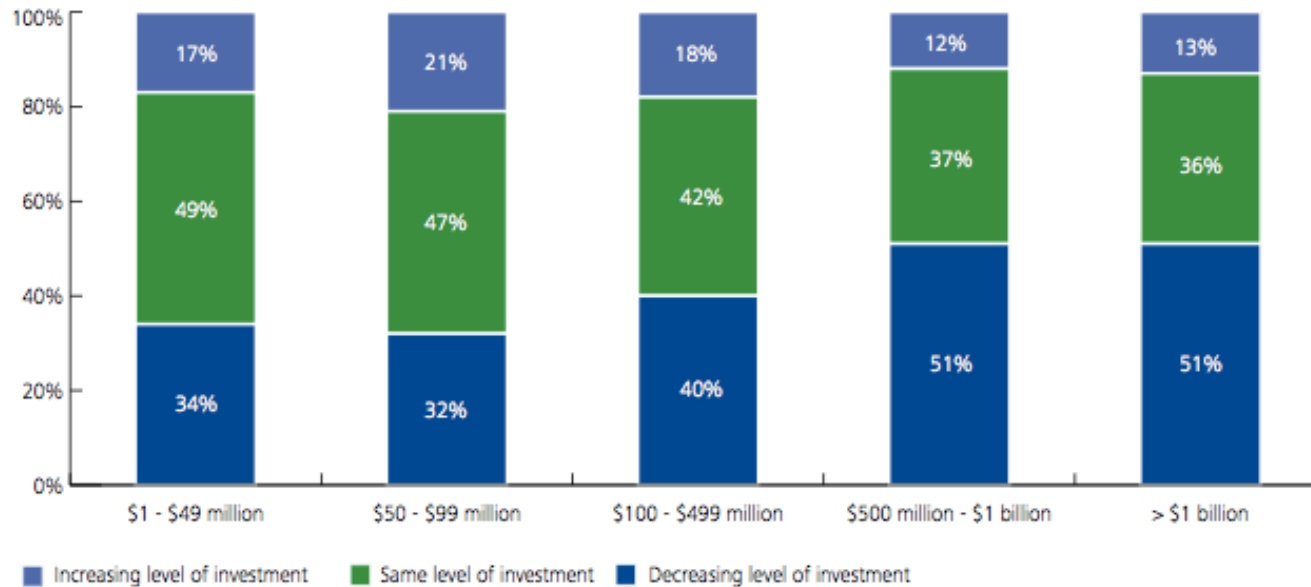
Impact of the global recession on investment strategies – stage (by assets under management)





Impact of global recession

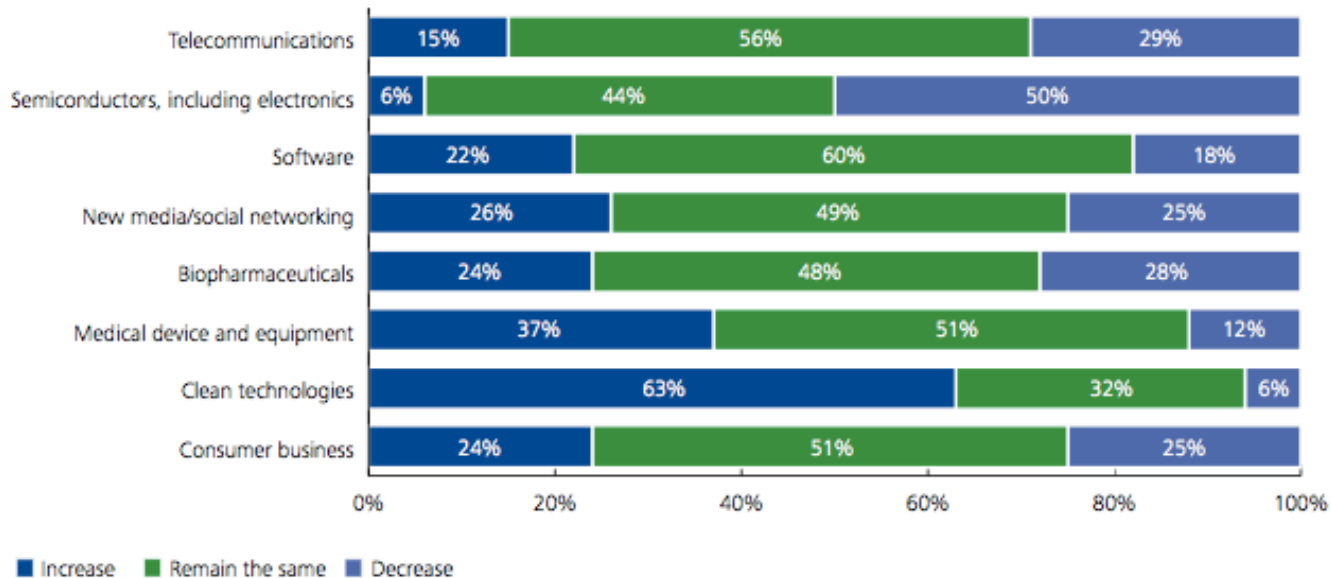
**Impact of the global recession on investment strategies – level of investment in terms of capital
(by assets under management)**





Change in sectors

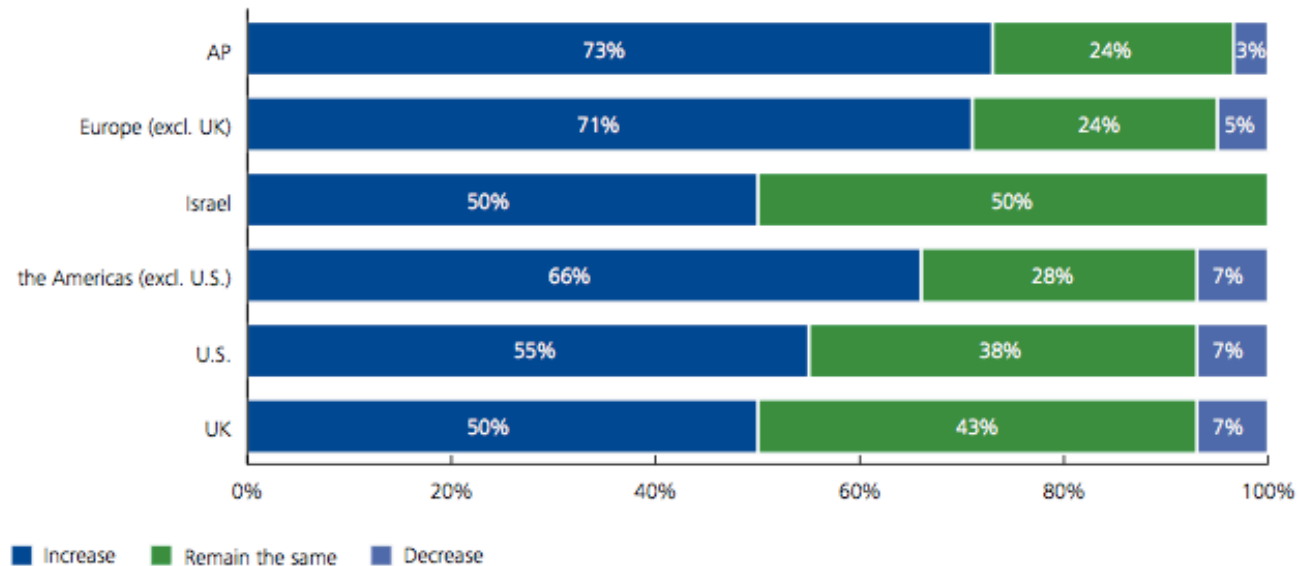
In terms of total capital invested, anticipated level of investment change in select sectors, over the next three years





Change in clean technologies

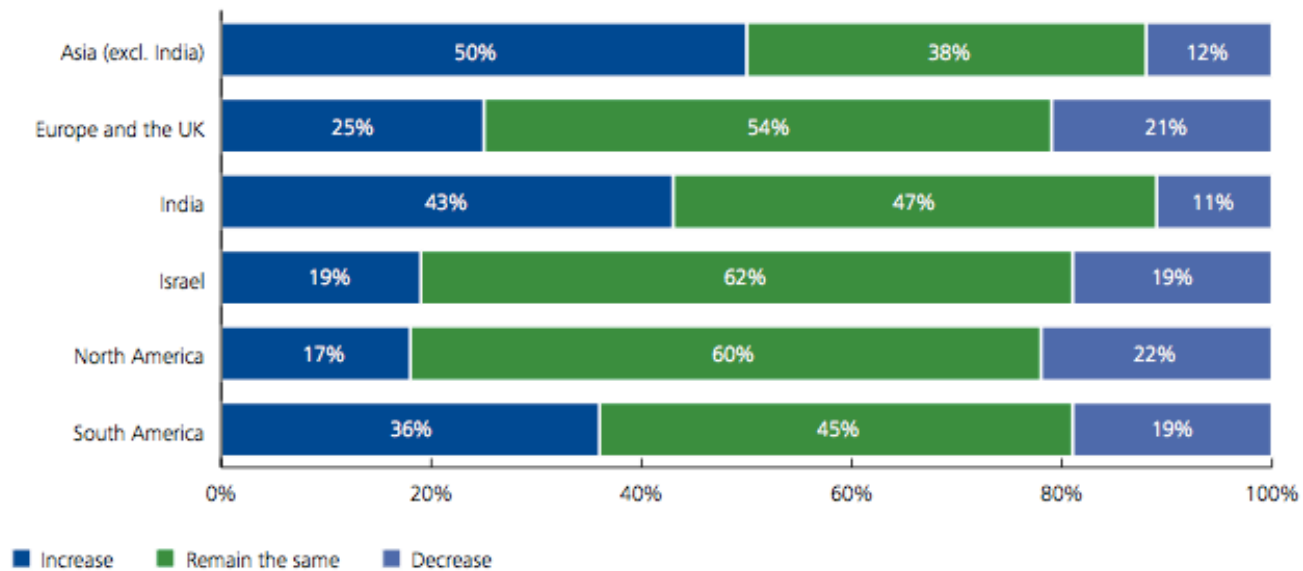
In terms of total capital invested, anticipated level of investment change in clean technologies, over the next three years (by location)





Change in regions

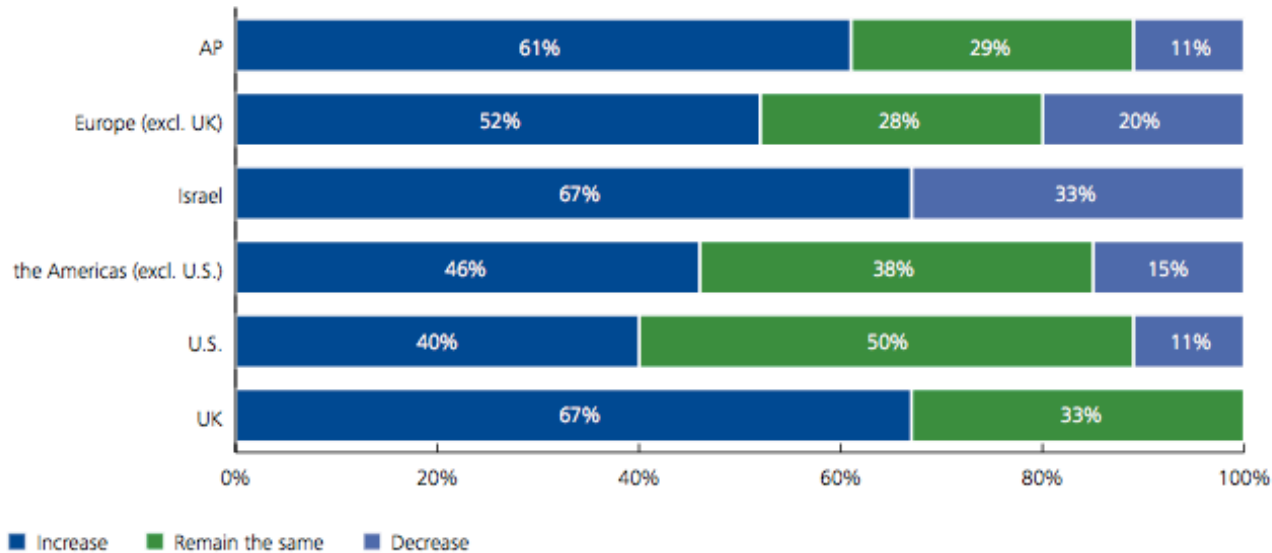
In terms of total capital invested, anticipated level of investment change in select regions, over the next three years





Change in Asia-Pacific

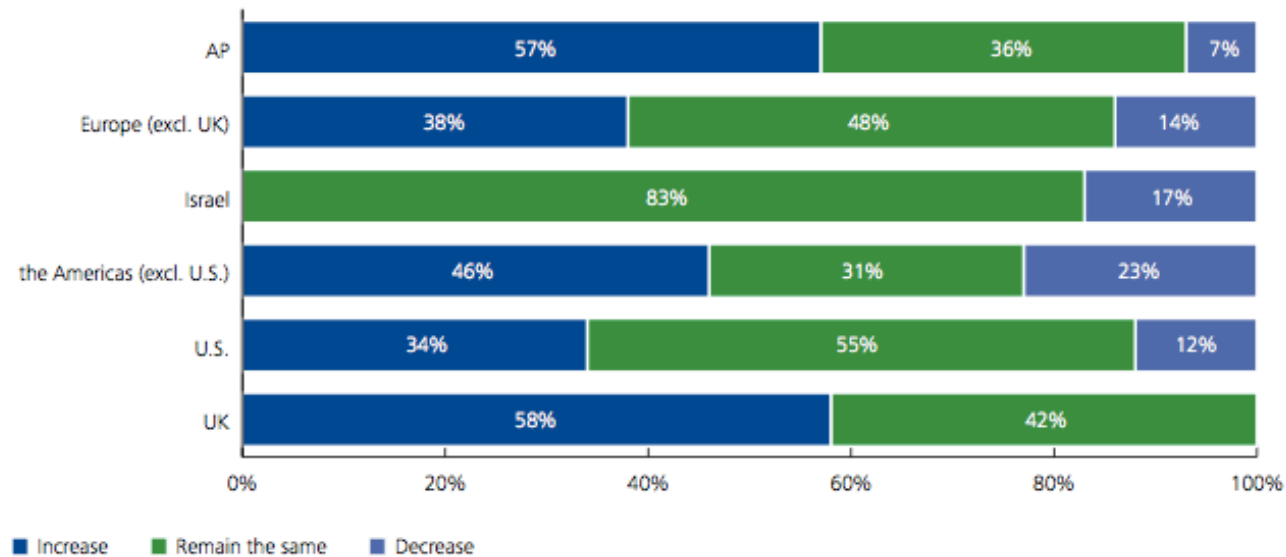
In terms of total capital invested, anticipated level of investment change in Asia Pacific (excl. India), over the next three years (by location)





Change in India

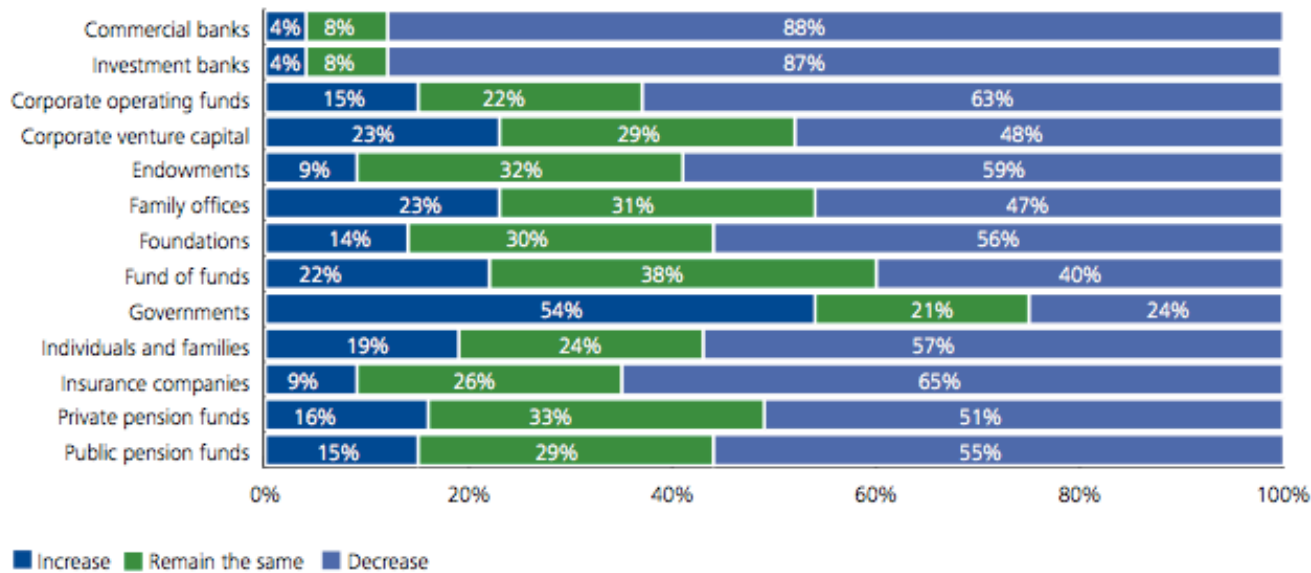
In terms of total capital invested, anticipated level of investment change in India, over the next three years (by location)





Investors

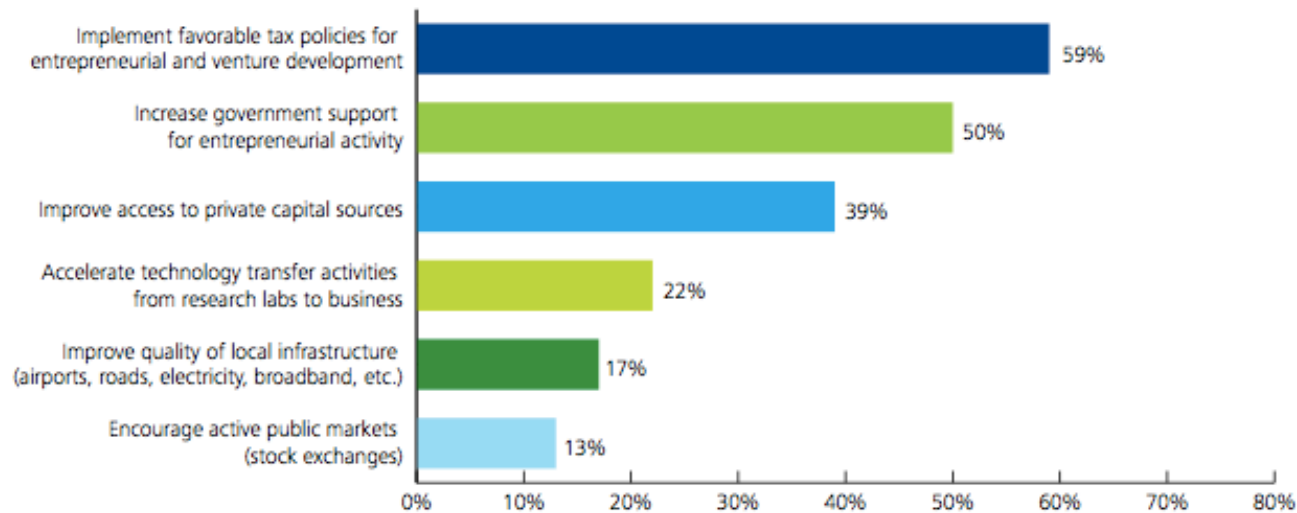
The current economic crisis will affect the following types of limited partners' willingness to invest in the venture capital asset class, over the next three years





Governments

Actions governments can take to foster innovation, over the next twelve months

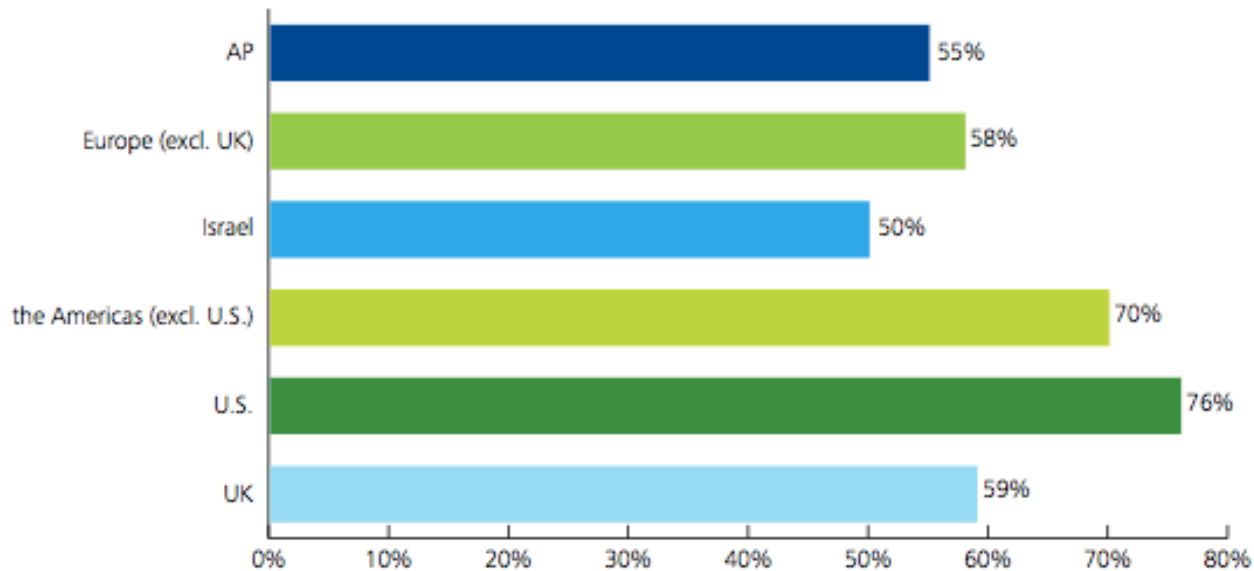


* Multiple responses required, total percent exceeds 100.



Government actions

**In-depth view of the most selected action government can take to foster innovation:
Implement favorable tax policies for entrepreneurial and venture development**

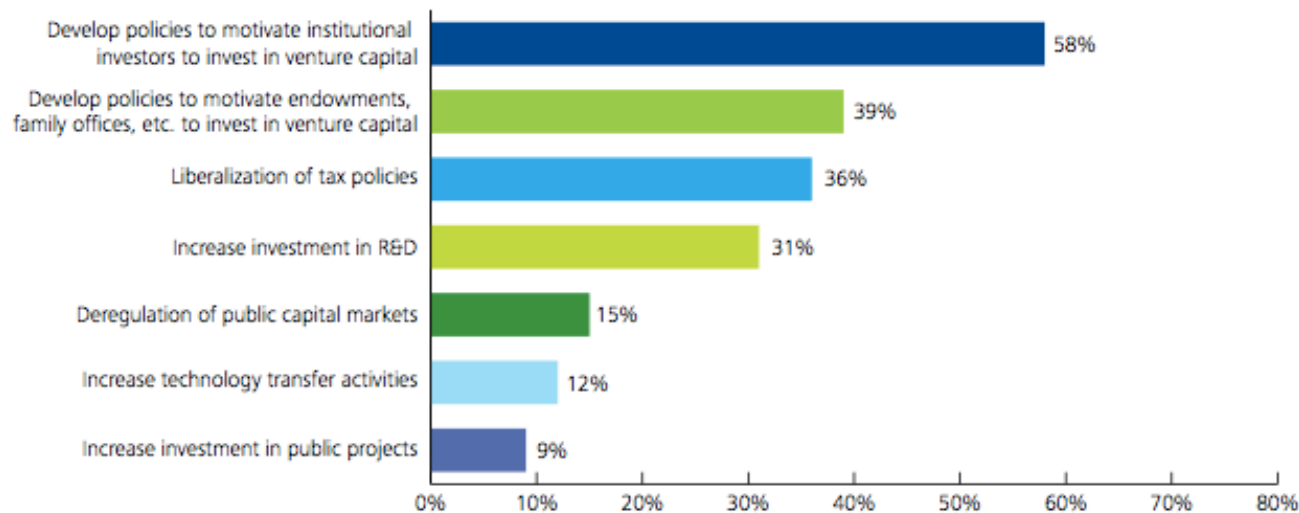


* Multiple responses required, total percent exceeds 100.



Governments to improve

Actions governments can take to improve conditions for venture capitalists, over the next 12 months



* Multiple responses required, total percent exceeds 100.