

Venture View: 2010

NVCA Predictions Survey Results

NVCA

National Venture Capital Association

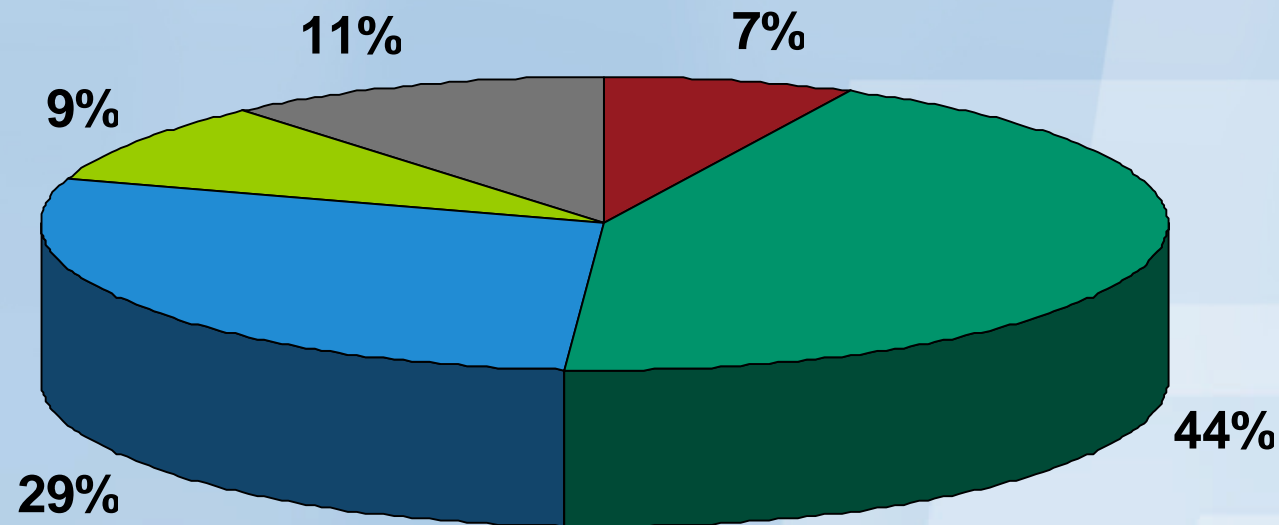
Venture View: 2010 VC Predictions Survey Results

- Fourth Annual Predictions Survey of the NVCA
- Conducted in Nov. 30 – Dec. 8, 2009
- More than 325 responses from VCs across the US
- For more information
 - Contact: Emily Mendell (emendell@nvca.org)
 - Contact: Channa Brooks (channa@tenorcom.com)



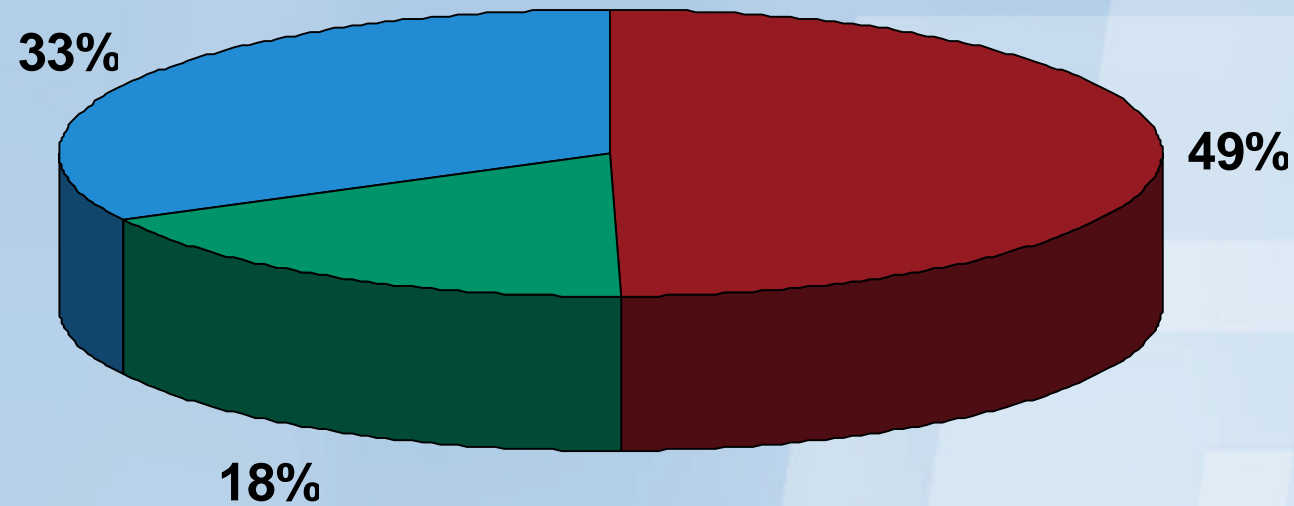
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In 2010, venture capital investment will:



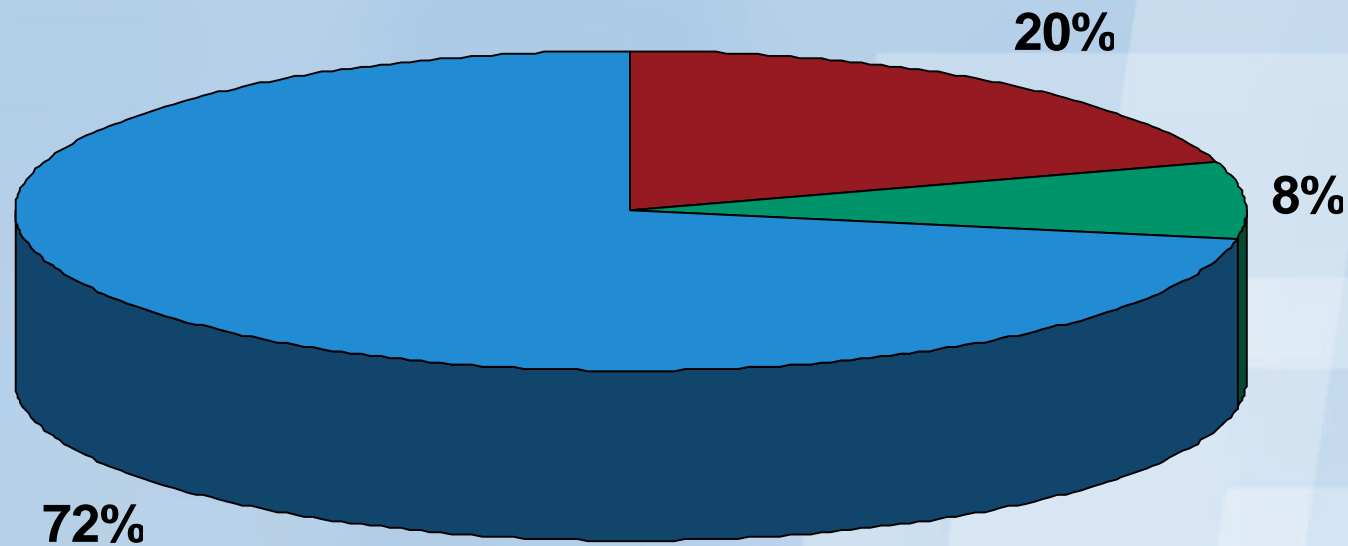
■ Increase substantially >\$25 BN ■ Increase slightly \$21-25 BN ■ Decrease slightly \$15-21 BN
■ Decrease substantially <\$15 BN ■ Remain unchanged from 2009

In 2010, our firm will invest in:



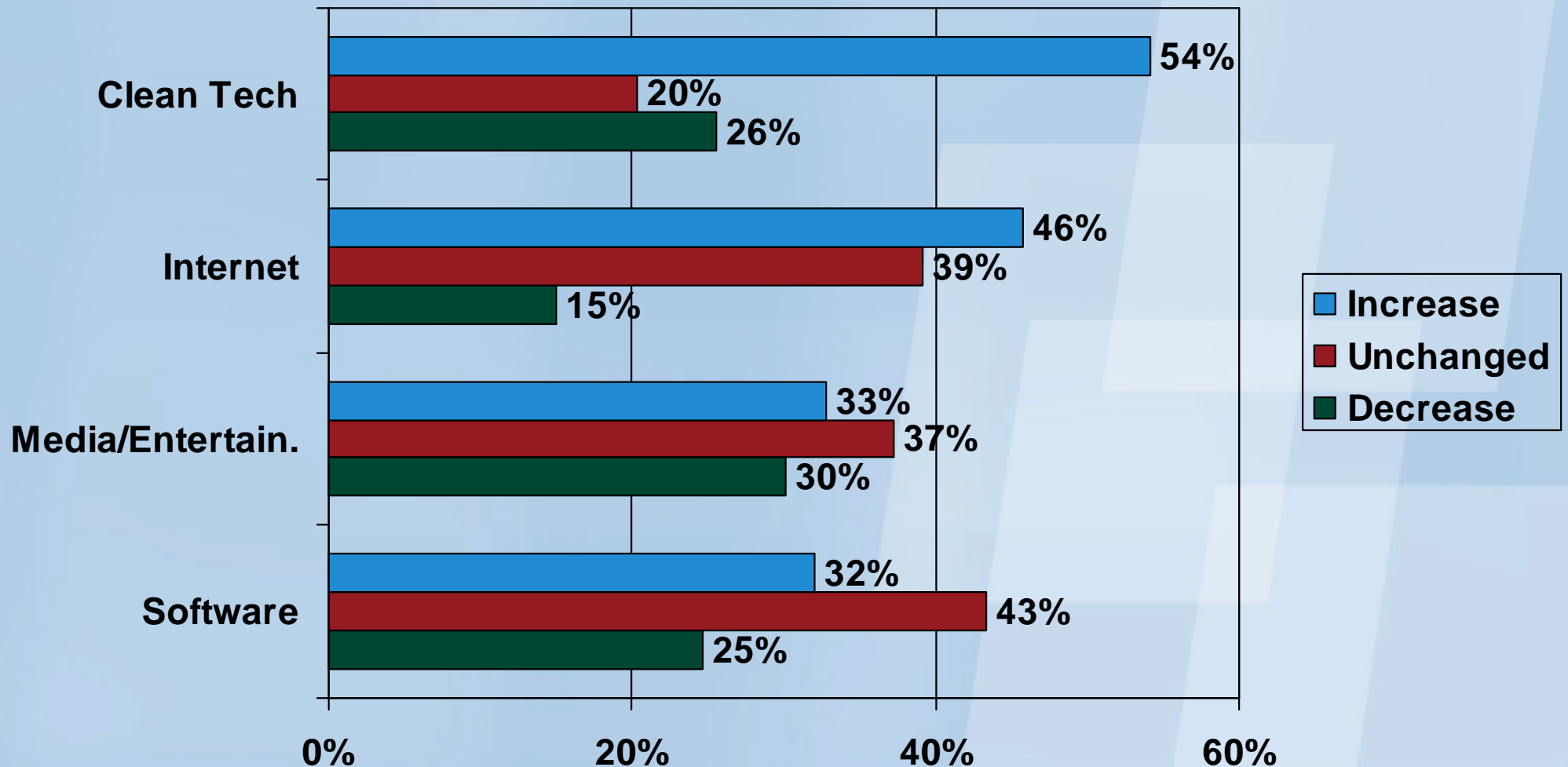
- More portfolio companies
- Fewer portfolio companies
- The same number of portfolio companies

The percentage of deals outside our current geographic footprint in 2010 will:

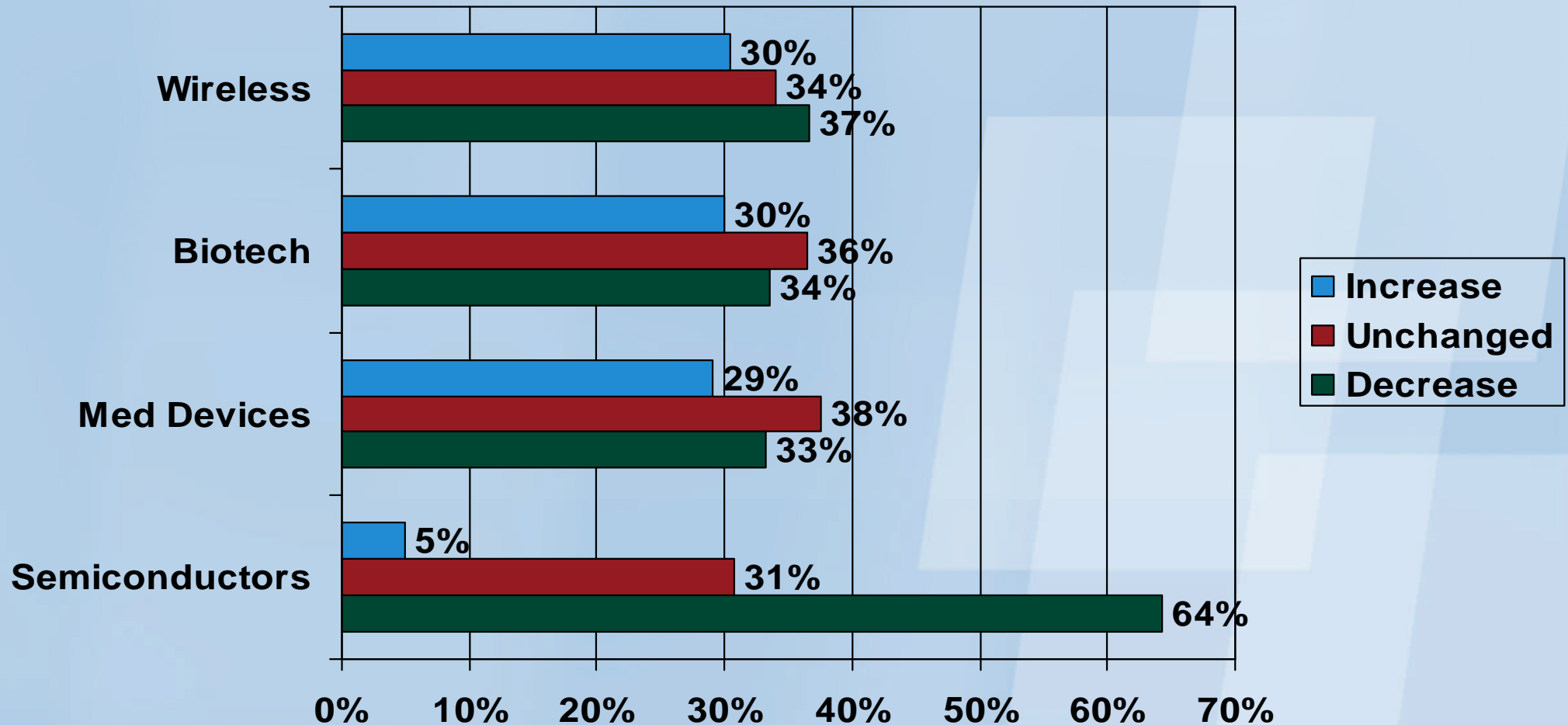


■ Increase ■ Decrease ■ Remain the Same

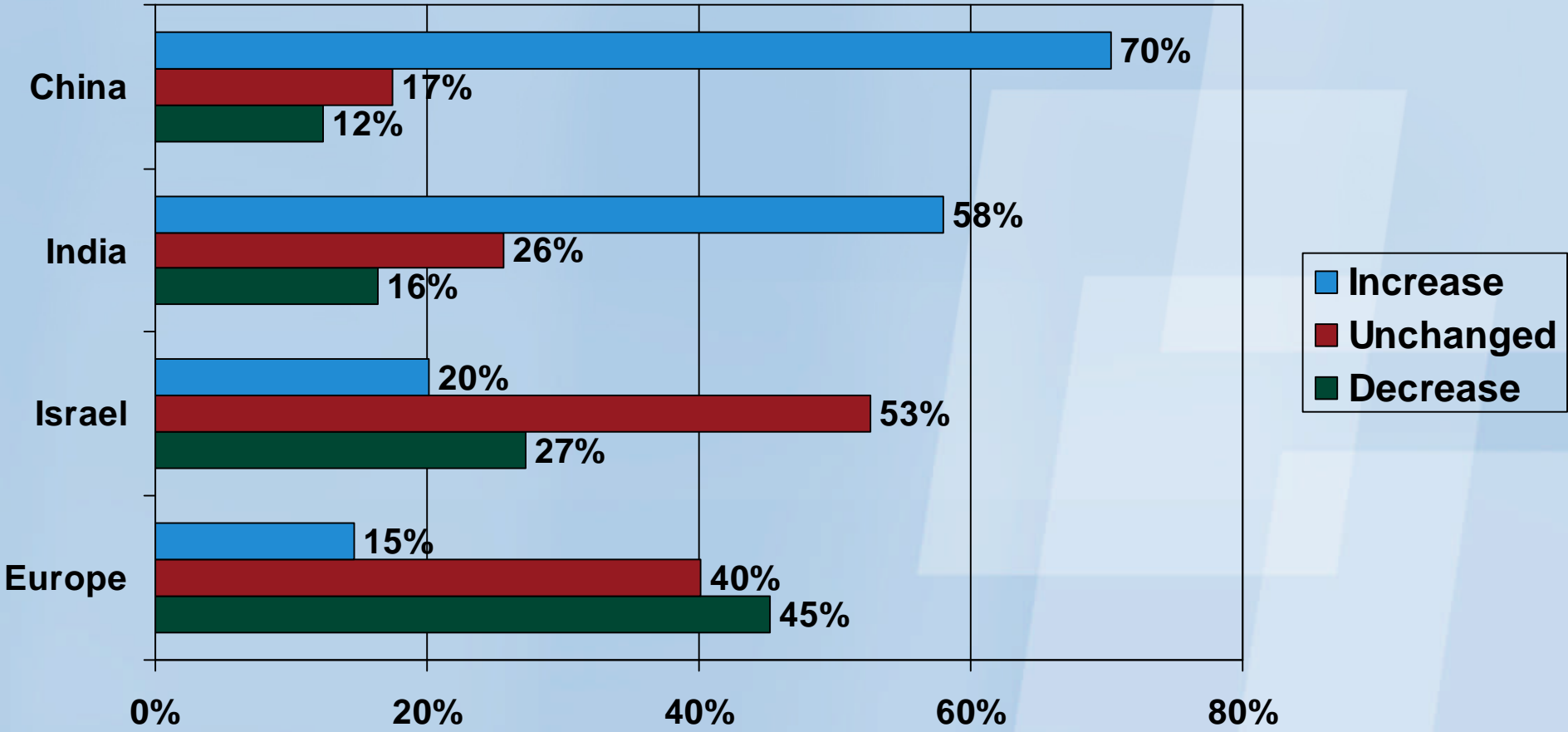
Investment in 2010 in the following sectors will:



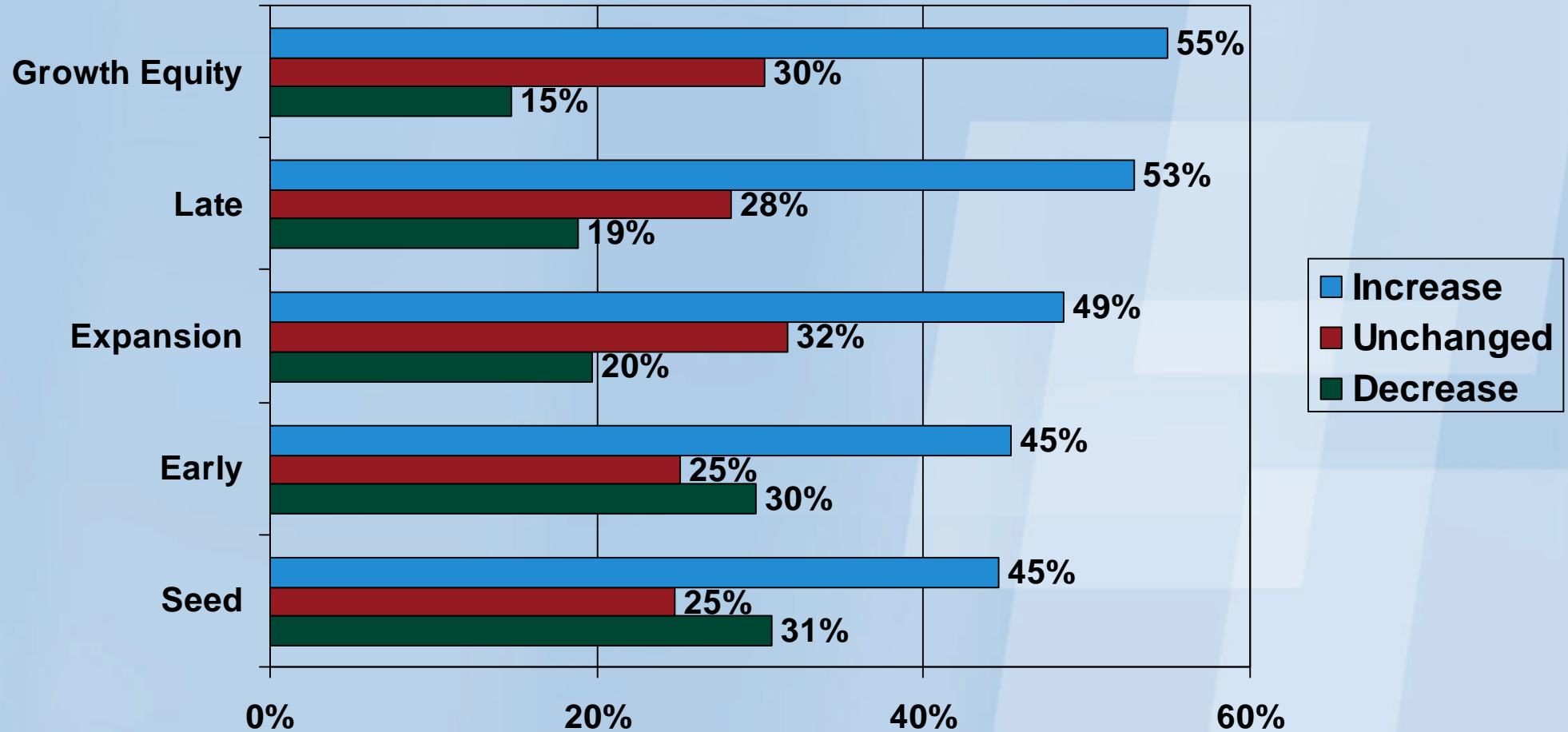
Investment in 2010 in the following sectors will:



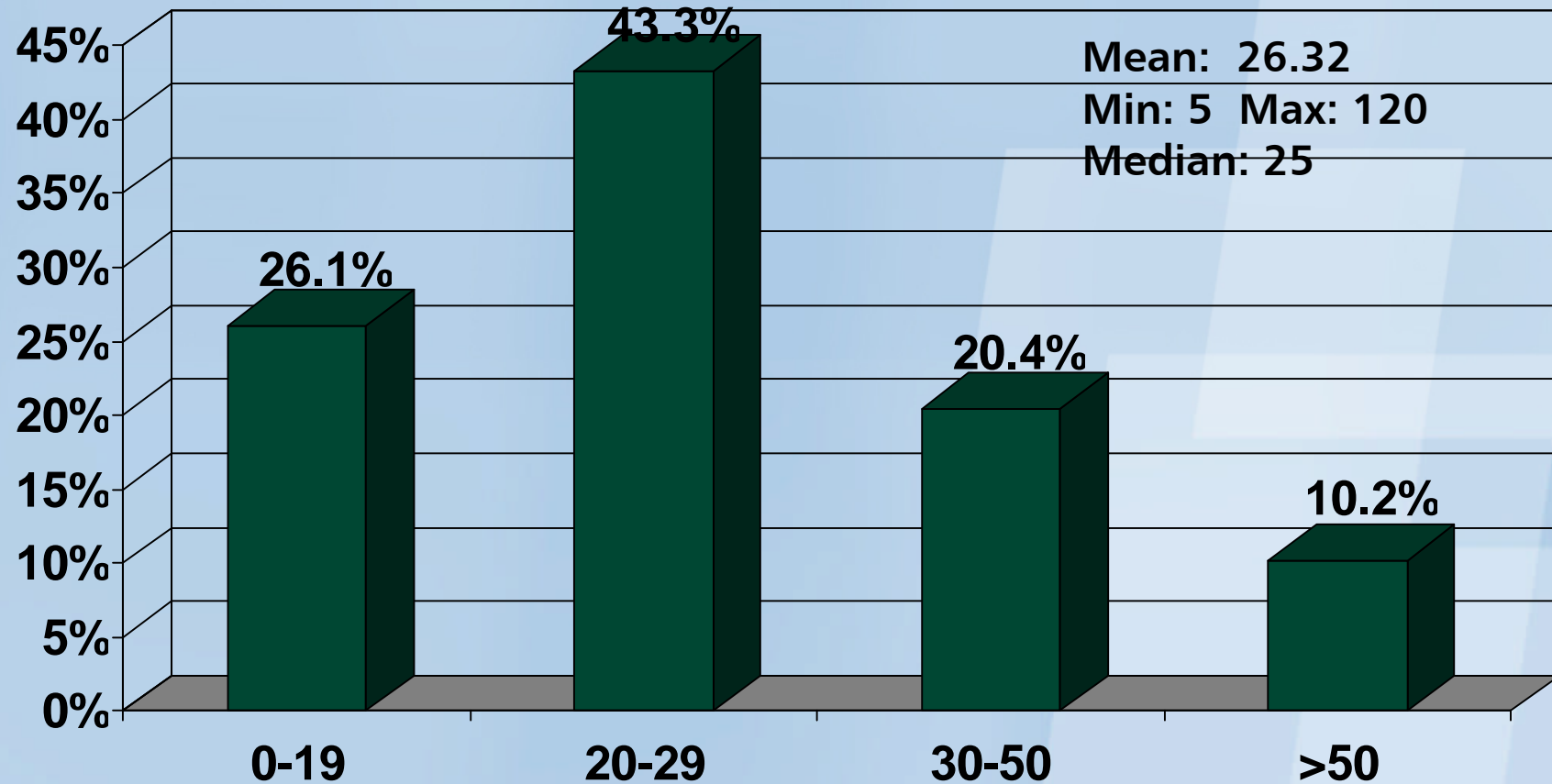
Investment in 2010 in the following regions will:



Investment in 2010 in the following stages will:

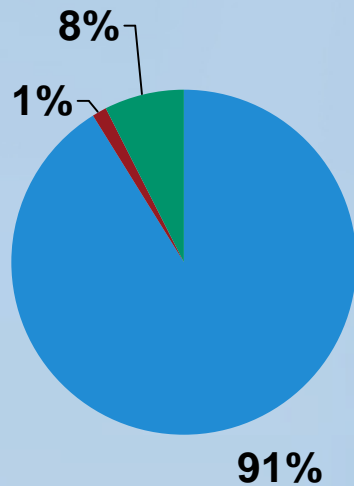


In 2010 the number of venture-backed IPOs will be:



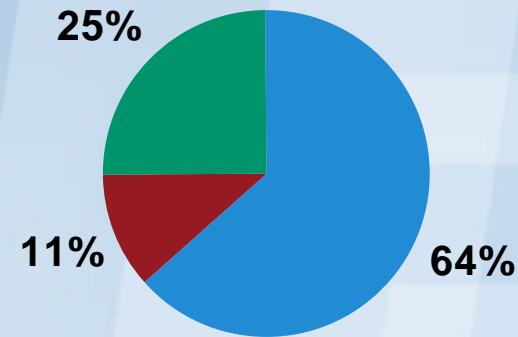
In 2010 the venture-backed acquisitions market will improve.

In 2010 the # of venture-backed acquisitions will:



■ Increase ■ Decrease ■ Same

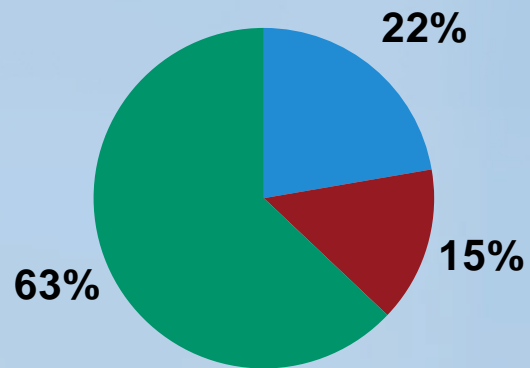
In 2010 the value of venture-backed acquisitions will:



■ Increase ■ Decrease ■ Same

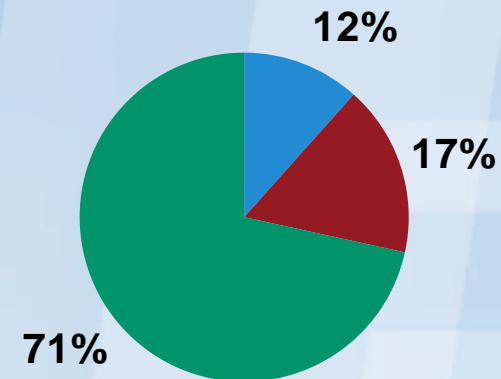
In 2010 firms resources are expected to remain largely unchanged.

In 2010 the # of venture investors in our firm will:



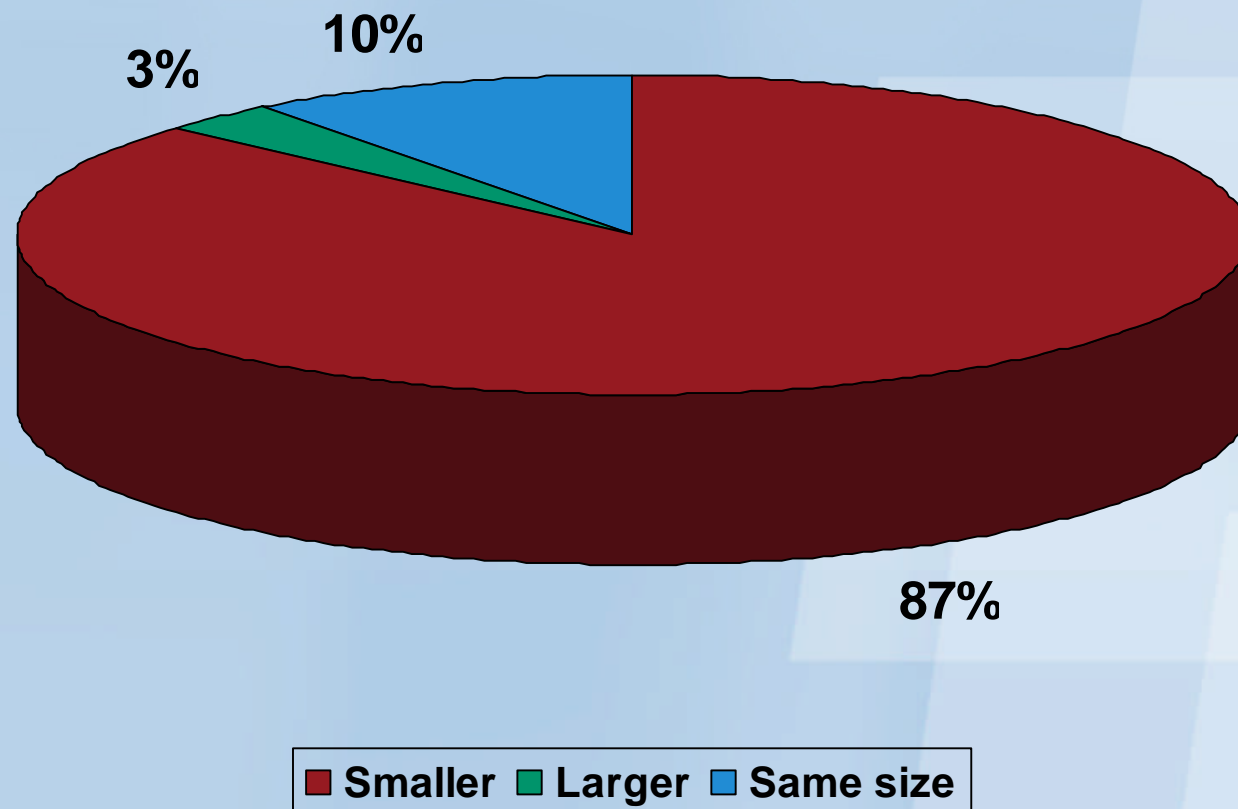
■ Increase ■ Decrease ■ Same

In 2010 the # of admin professionals in our firm will:

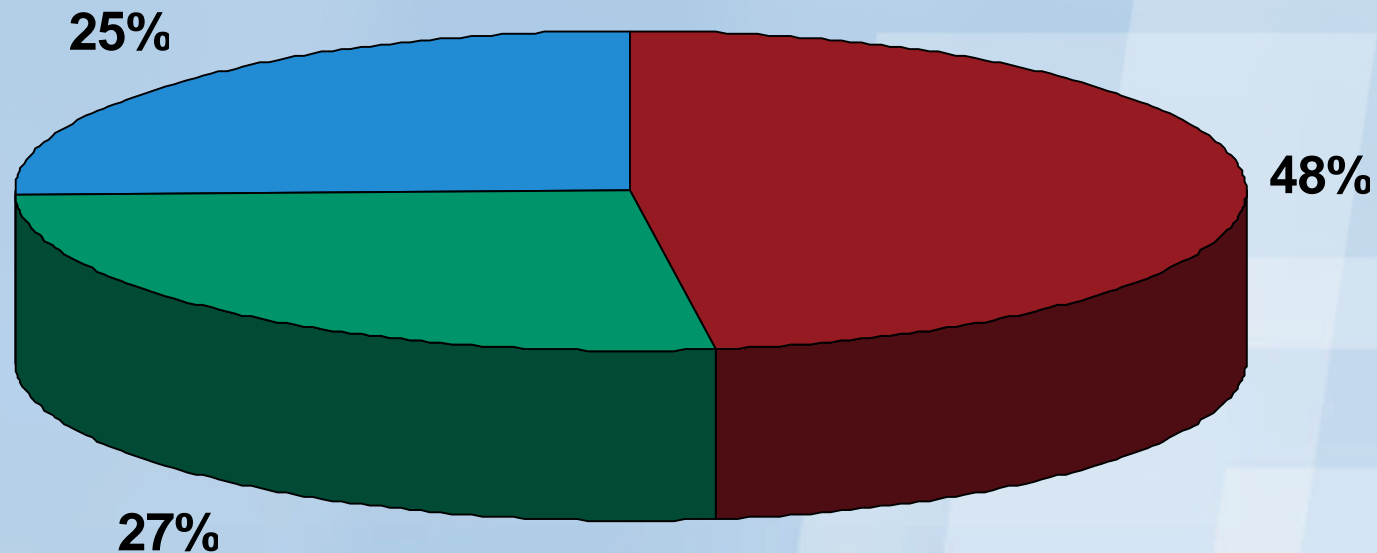


■ Increase ■ Decrease ■ Same

In 2010, venture funds raised on average will be:

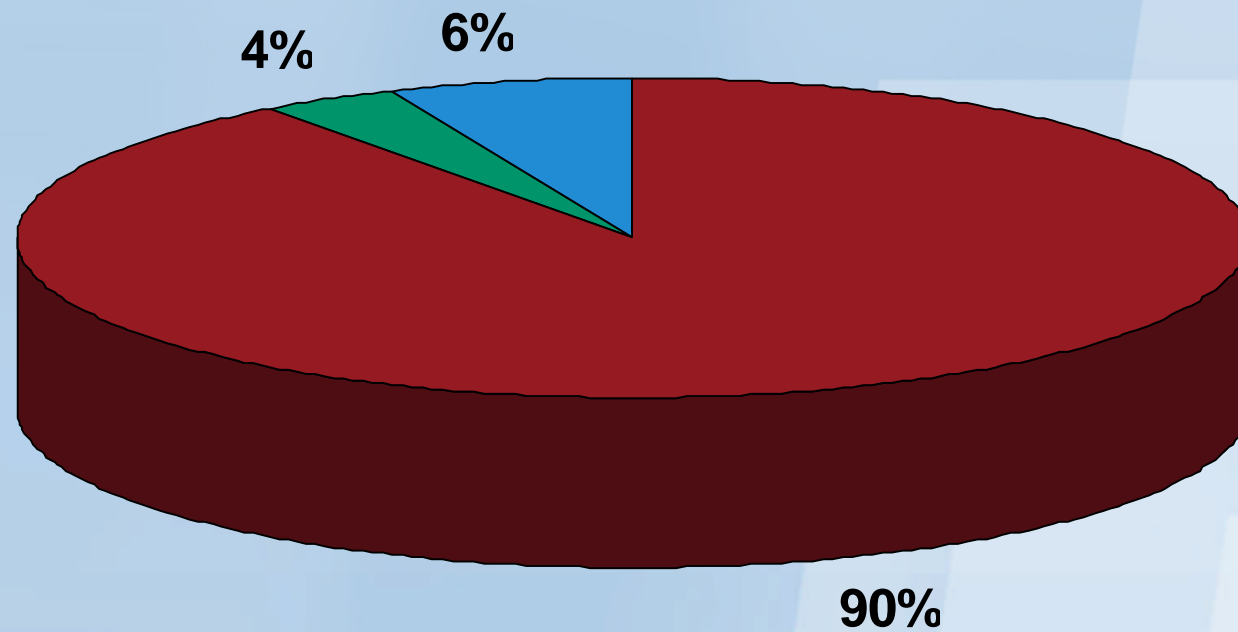


In 2010, the US venture industry will see foreign limited partners in:



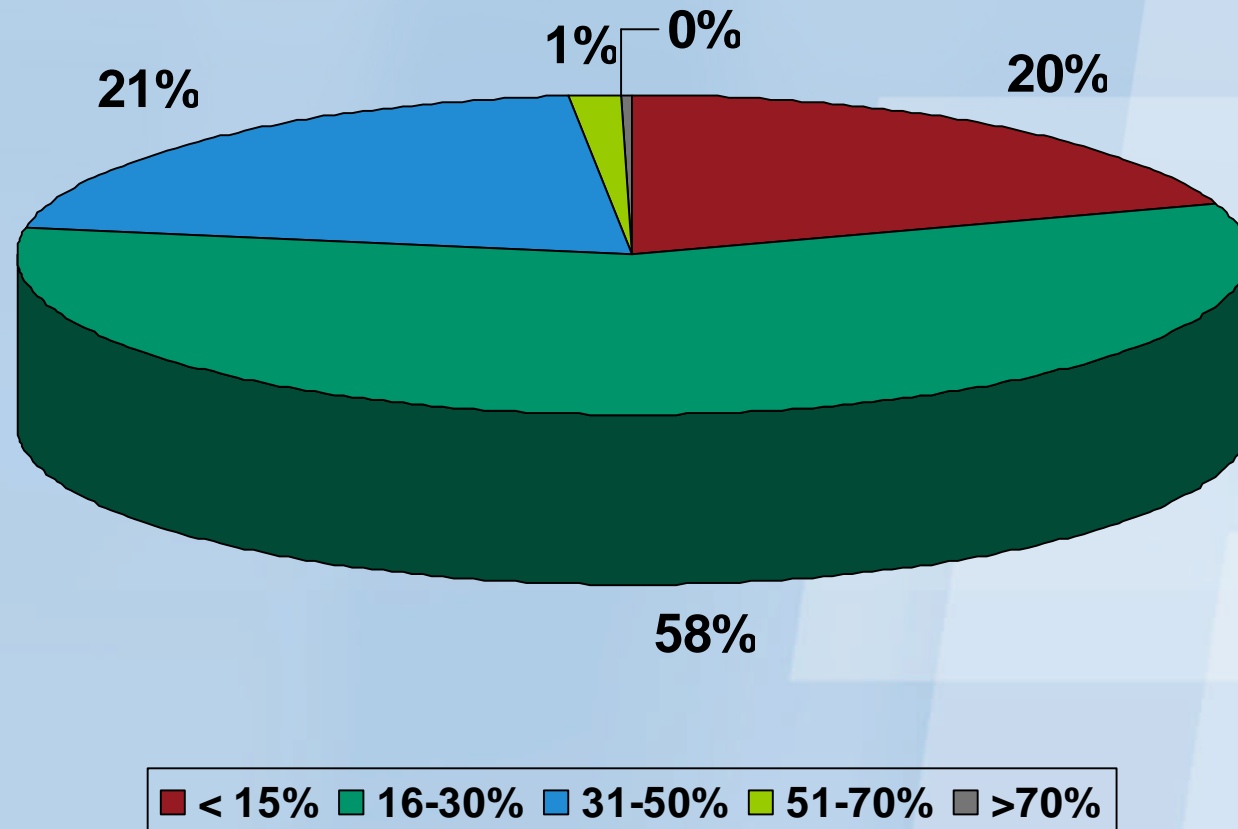
■ More Funds ■ Fewer Funds ■ Same Number of Funds

In the next five years, the number of firms in the venture industry will:



■ Shrink ■ Expand ■ Remain the same

In the next five years the venture capital industry will shrink by:



What will you do differently in 2010?

"Take more companies public." – *Richard Kramlich, General Partner/Co-Founder, NEA*

"It's the global economy, stupid. Focus on investments in the USA targeting customers in the ROW (rest of the world)." – *Trevor Loy, General Partner, Flywheel Ventures*

"The IPO market for VC backed companies will finally reopen in the US and several IPOs will reach \$1 billion market capitalizations or more." - *Pascal Levensohn, Founder and Managing Partner, Levensohn Venture Partners*

We will look for valuations to come into equilibrium and do more transactions at that time." – *Jim Hale, Founding Partner, FTV Capital*

"500K to 1M as early as possible in great teams = early stage investing." - *Steve Fredrick, General Partner, Grotech Ventures*

"For 2010, we plan to broaden our geographic focus to include investments in Europe." - *John Huntz, Executive Director, Arcapita Ventures*

Since Sep08 we have focused on firms that can reach breakeven on this round. In 2010 our willingness to take finance risk will likely return." - *Bronson Lingamfelter, Associate, Rose Tech Ventures*

2010 will be Brazil's Skype moment." - *Simon Olson, Partner, Draper Fisher Jurvetson, FIR Capital Brazil*

"In 2010 we are going to Carpe Per Diem - Sieze the day to make money for our LPs." - *Venky Ganesan, Managing Director, Globespan Capital Partners*

"We will do more investment under better environment for new deals." - *Masatoshi Ueno, CEO/Technology, Yasuda Enterprise Development America Inc.*

"We will find new mistakes to make that we have not made before; but all in all things look pretty strong and the team is optimistic." - *Bob More, General Partner, Frazier Healthcare Ventures*

"2010 will be another difficult year for the US venture capital industry as the consolidation of our industry continues and very bad 10yr return numbers are released. The silver lining: it will be a great year to make a few excellent investments." - *Bob Pavey, Morgenthaler Ventures*

"Corporate venturing & job creation funds." - *Thomas O. Gephart, Managing Partner, Ventana Capital*

Relentlessly & w/ seemingly undue precision reverse engineer the early exit to drive w/ great focus what founders do now to grow their cos." - *Becca Braun, President, JumpStart Ventures*

"We will raise our next fund and continue to invest in consumer-facing Internet companies like Twitter and Zynga." - *Norman Fogelsong, General Partner, Institutional Venture Partners*



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What will you do differently in 2010?

"We will fund growth more aggressively in 2010 as we come out of the recession." – *Don Rainey, General Partner, Grotech Ventures*

As start-up capital efficiency continues to improve, we will do more earlier stage deals." – *John Backus, Managing Partner, New Atlantic Ventures*

"2010 will likely mark the renewal of Corporate Venture Capital as corporations will rediscover the value of tapping external innovation." – *Bernard Slede, Portfolio Manager, HP Corporate Venture Capital*

"With our new \$1.2Bn NVP XI fund, we plan to continue our expansion along 3 vectors: 1. Stages (early & late) 2. Regions and 3. Sectors." – *Sergio Monsalve, Principal, NVP*

"Hopefully nothing. We're rockin' here at Catamount." – *Jed Smith, Managing Director, Catamount Ventures*

"More reserve capacity per deal and less deals per fund; also build broader syndicate up front at initial investment." – *George Arida, Managing Director, Venture Investors LLC*

"Expect to see us be more aggressive seeding new opportunities." – *Michael Greeley, General Partner, Flybridge Capital Partners*

"Work harder, maintain high standards, and see more companies." – *C.W. Newhall, General Partner, Co-Founder, NEA*

"We will increase our investment pace because we believe this a great time to invest - innovation and strong companies abound!" – *Jeanne M Sullivan, General Partner, StarVest Partners L.P.*

Actually spend meaningful time with investment bankers, again." – *Gerry Langelier, Managing Director, OVP Venture Partners*

"Move to accelerate the development of investment candidates and portfolio companies." – *Greg Knudson, Director, Rocket Ventures*

"The makeup of seed syndicates will evolve in 2010, as more traditional venture capitalists seek earlier access to capital-efficient deals." – *Christine Herron, Principal, First Round Capital*

"Embrace more universities into our seed stage model." – *Rudy Garza, Managing Partner, G51 Capital*



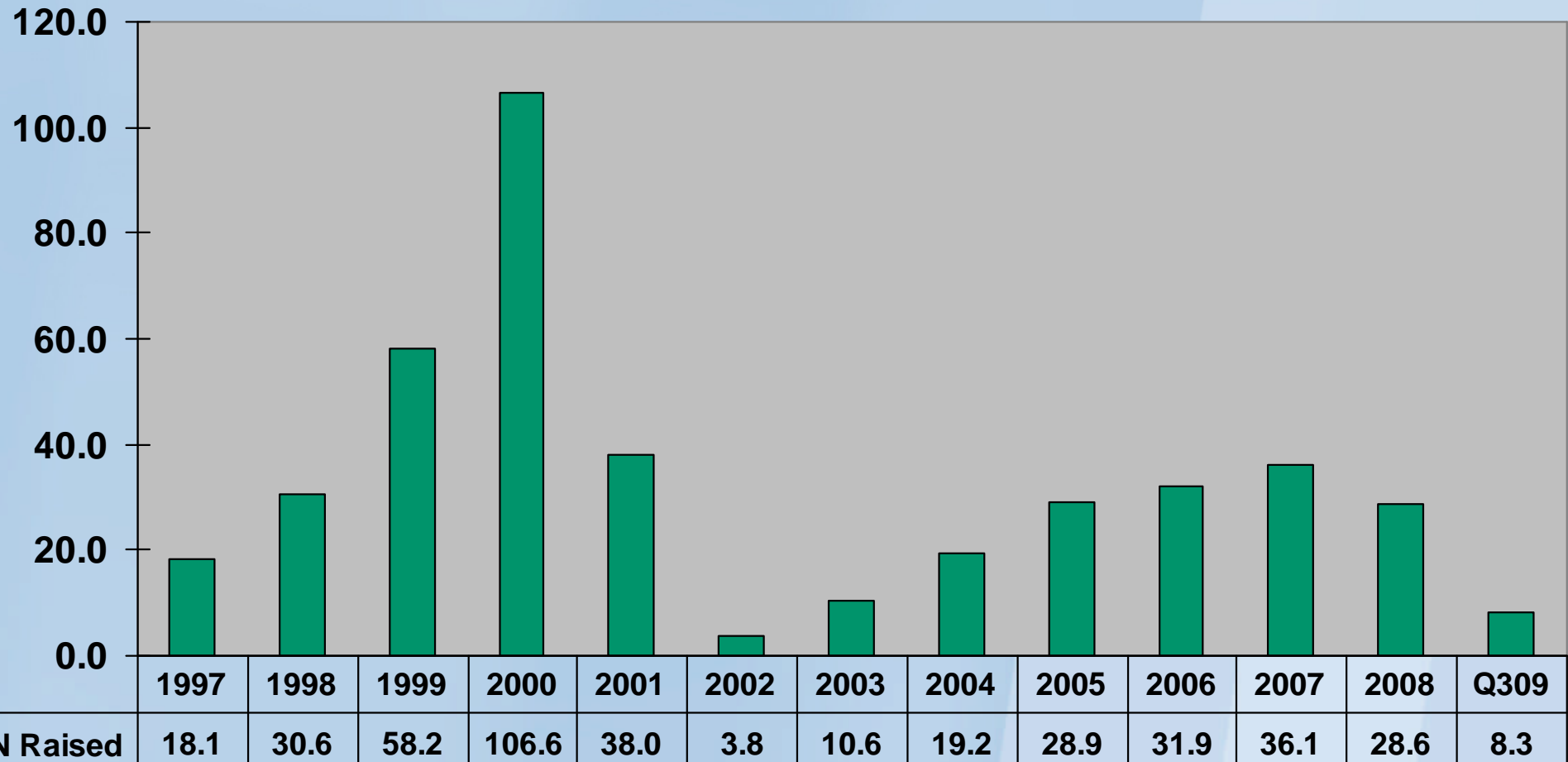
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Historical Data for the Venture Industry



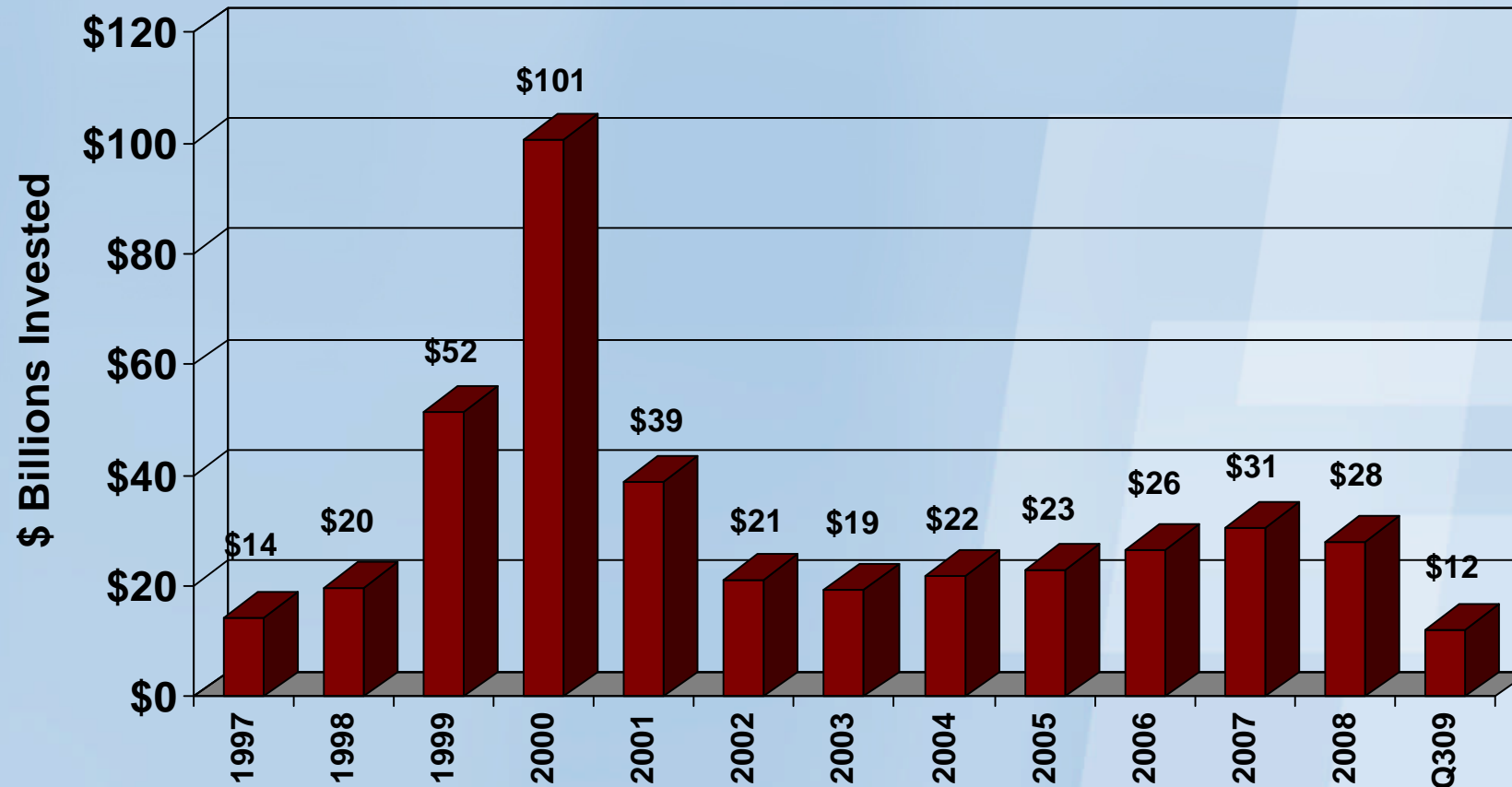
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Venture Capital Fundraising 1997-2009



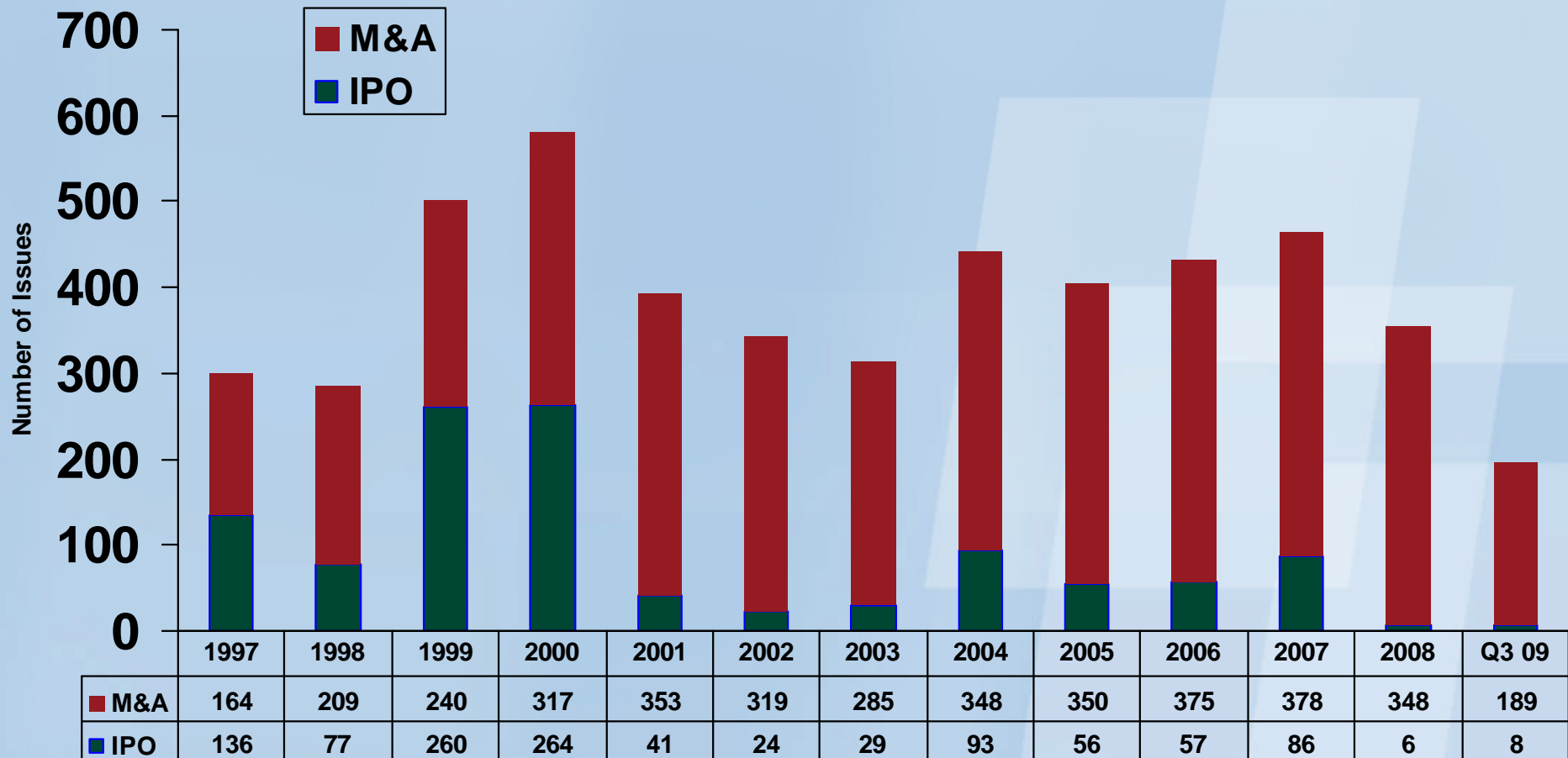
Source: Thomson Reuters/NVCA

Venture Capital Investment 1997-2009



Source: PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report,
Data: Thomson Reuters

Venture Capital Exits 1997-2009



Source: Thomson Reuters/National Venture Capital Association