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2015 Global venture capital confidence survey results

How confident are investors?

September 15, 2015



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Survey methodology,
key findings and
demographics

Methodology

- The 2015 Global Venture Capital Confidence Survey was conducted jointly by Deloitte & Touche LLP and the National Venture Capital Association (NVCA). It was administered to venture capitalists in the following regions: the Americas, Europe, Middle East, and Asia Pacific.
- Deloitte received 208 responses from general partners with assets under management ranging from less than \$50 million to greater than \$10 billion. Multiple responses from the same firm were encouraged as the survey was a general measurement of the state of global investing from general partners and not attitudes of specific firms.
- Confidence levels were measured on a scale of 1-to-5, with a score of 5 representing the most confidence.
- Confidence levels between 4.0+ are considered very positive, 3.5–3.99 is considered positive, 2.5–3.49 is neutral and below 2.49 is negative.
- The survey was conducted during May and June of 2015.

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Participating venture capital associations

- Brazilian Association of Private Equity & Venture Capital (ABVCAP)
- British Venture Capital Association (BVCA)
- China Venture Capital and Private Equity Association (CVCA)
- Emerging Markets Private Equity Association (EMPEA)
- Finnish Venture Capital Association (FVCA)
- Israel Advanced Technology Industries (IATI)
- Japan Venture Capital Association (JVCA)
- Latin America Venture Capital Association (LAVCA)
- National Venture Capital Association (NVCA)
- Swedish Private Equity & Venture Capital Association (SVCA)

Key findings

- Immigration reform is top of mind for U.S. investors with nearly two-thirds of respondents considering it a priority.
- Investor outlook remains bullish for the IPO market, rising for the fourth year in a row.
- Venture capital momentum increases with a 10% jump in the number of funds raised.
- U.S. technology hubs, Israel and Canada dominate while confidence continues to fall in Brazil and other emerging markets.
- Cloud computing is the strongest technology investment sector for the third year in a row.

Country investing

2015 Global Venture Capital Confidence Survey Results

Investors were asked to rate their **confidence level in each country**. Confidence levels were measured on a scale of 1 to 5, with 5 representing the most confidence. Basis points indicate year-over-year changes.

About survey

208 venture capital and private equity investors were surveyed from May to June 2015 representing 10 associations throughout North and South America, Africa, Europe, and Asia Pacific.

www.deloitte.com/us/vcsurvey



*YoY data unavailable

U.S. metro investing

2015 Global Venture Capital Confidence Survey Results

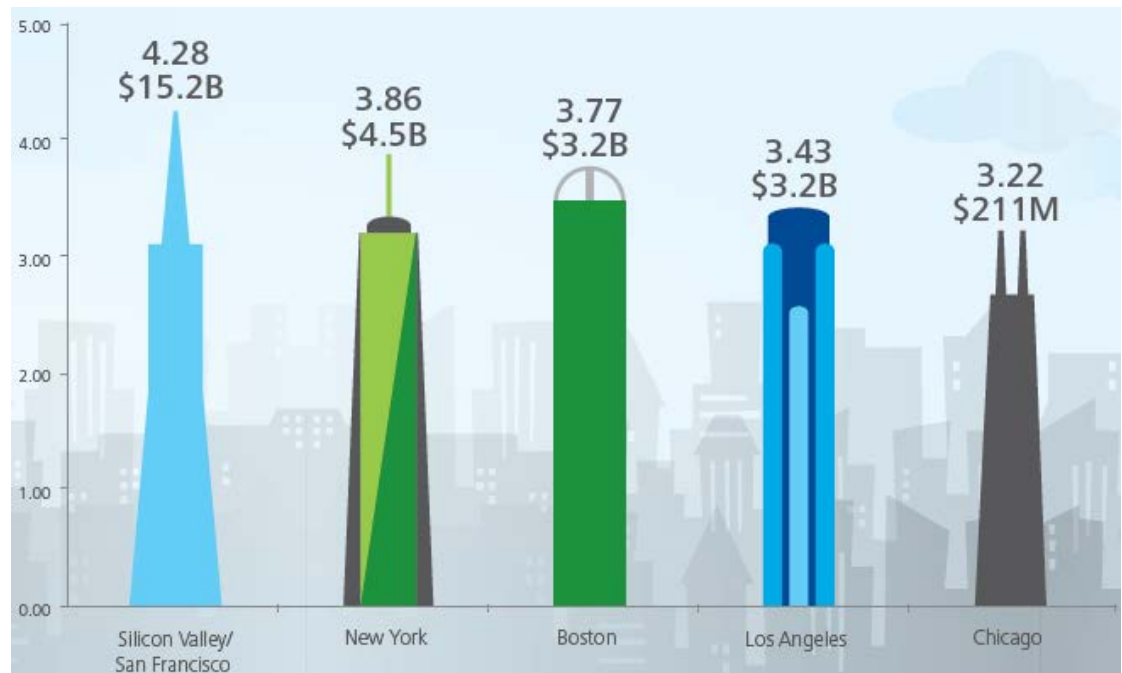
Investors were asked to rate their **confidence level in major U.S. metros**.

Confidence levels were measured on a scale of 1 to 5, with 5 representing the most confidence. Dollar amounts indicate venture capital investment dollars received in 2015 through Q2.

About survey

208 venture capital and private equity investors were surveyed from May to June 2015 representing 10 associations throughout North and South America, Africa, Europe, and Asia Pacific.

www.deloitte.com/us/vcsurvey



Public policy

2015 Global Venture Capital Confidence Survey Results

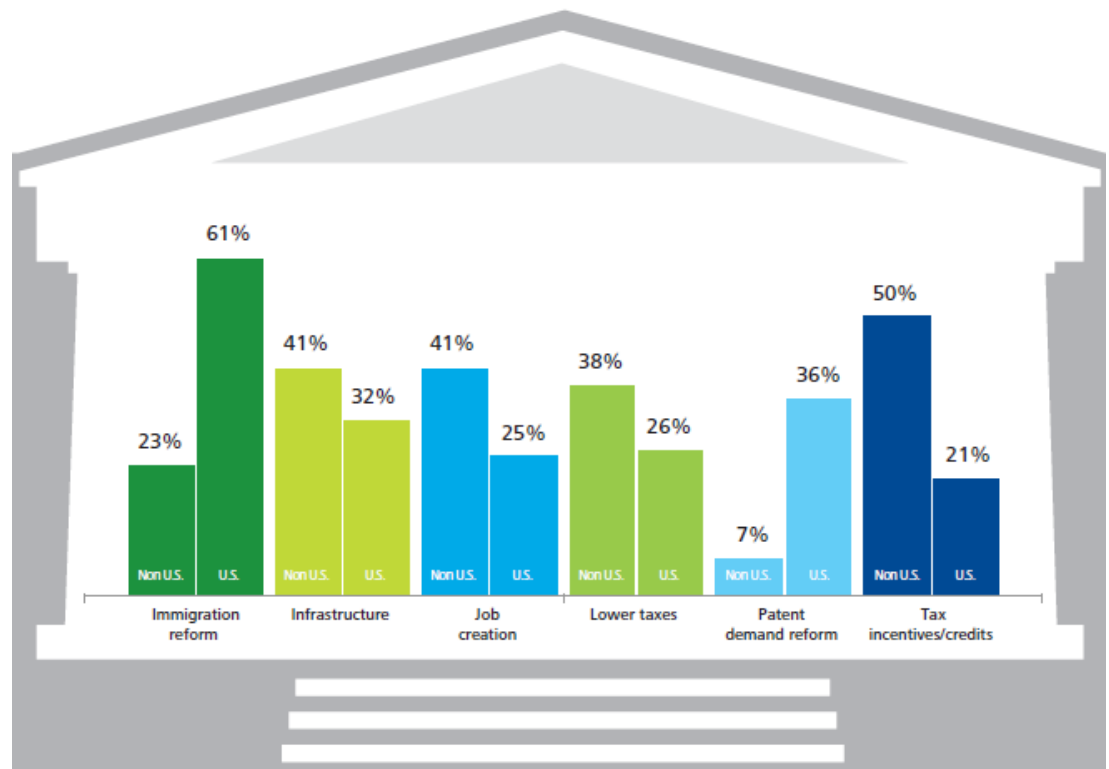
Investors were asked to select their **top two initiatives they would like to see public policy leaders take on in their home country.**

Percentages were based on the total number of responses.

About survey

208 venture capital and private equity investors were surveyed from May to June 2015 representing 10 associations throughout North and South America, Africa, Europe, and Asia Pacific.

www.deloitte.com/us/vcsurvey



Sector investing

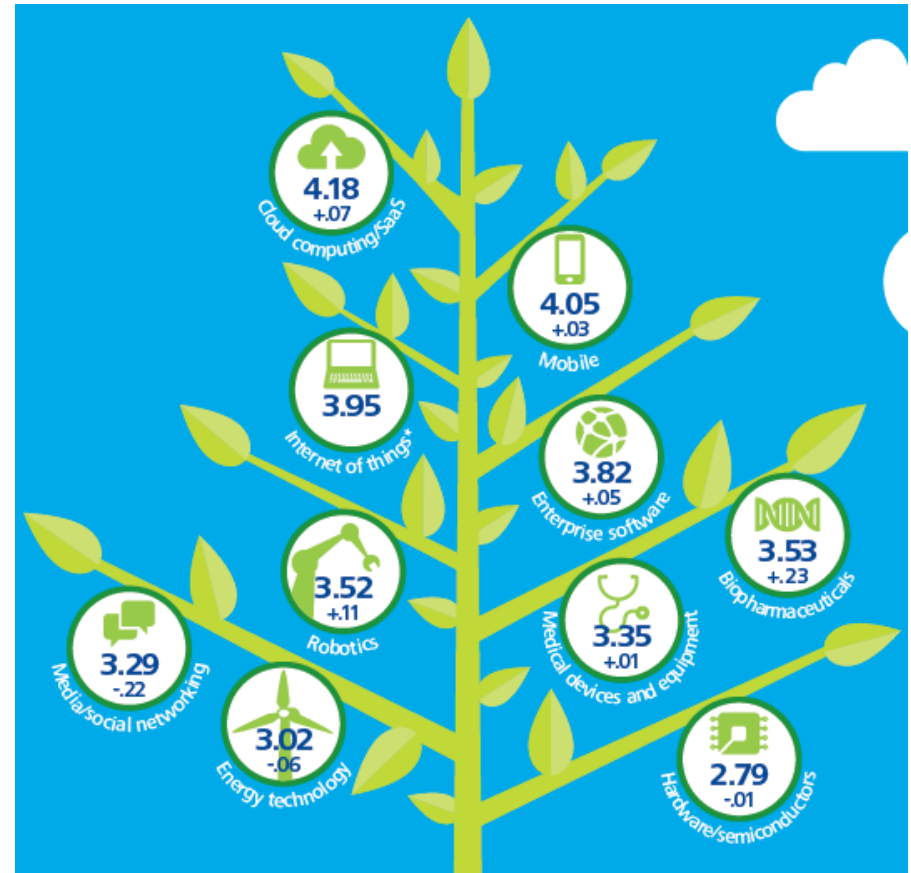
2015 Global Venture Capital Confidence Survey Results

Investors were asked to rate their **confidence level in each sector**. Confidence levels were measured on a scale of 1 to 5, with 5 representing the most confidence. Basis points indicate year-over-year changes.

About survey

166 venture capital investors were surveyed from May to June 2015 representing 10 associations throughout North and South America, Africa, Europe, and Asia Pacific.

www.deloitte.com/us/vcsurvey

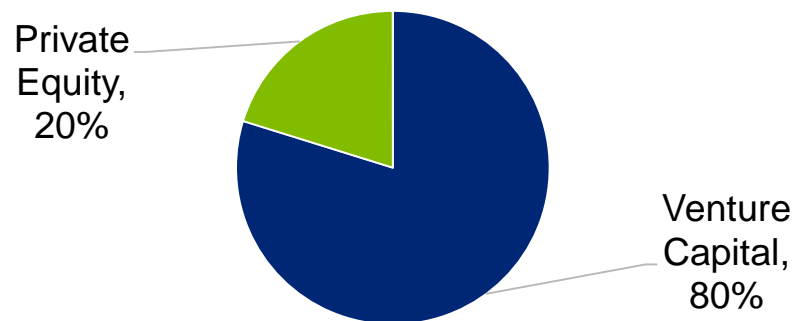


*YoY data unavailable

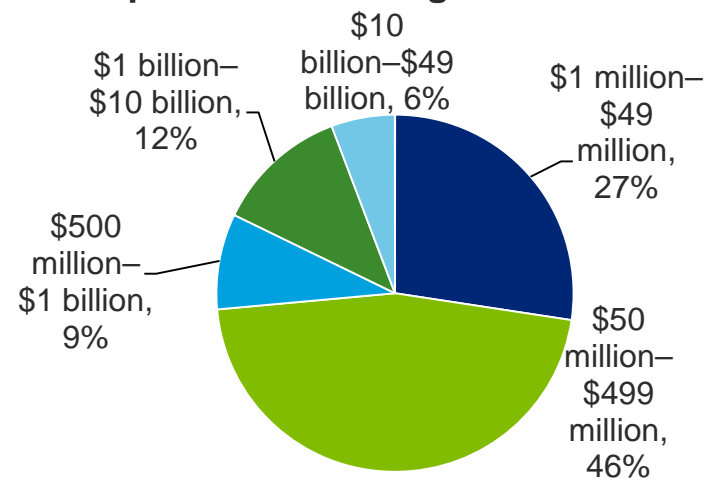
Responses and demographics

- 208 total responses
 - 37% from U.S.
 - 63% non-U.S. countries
- Survey conducted in the Americas, Europe, Middle East, and Asia Pacific
- Responses from large, mid-sized and small firms, with the largest concentration, 46% with \$50–\$499 million in assets under management

Primary investment focus

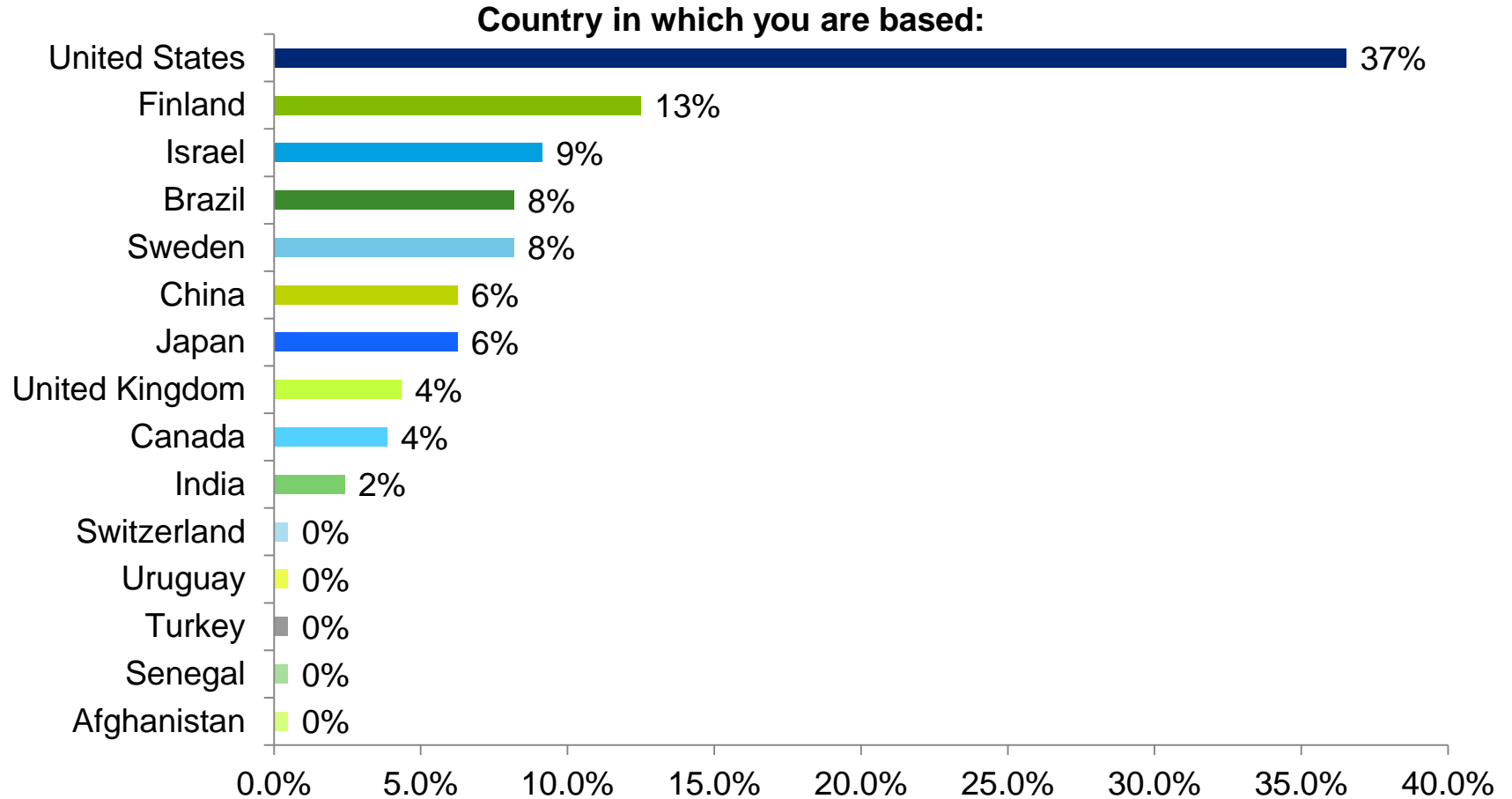


Capital under management in \$ USD:



Demographics

Respondents by home country

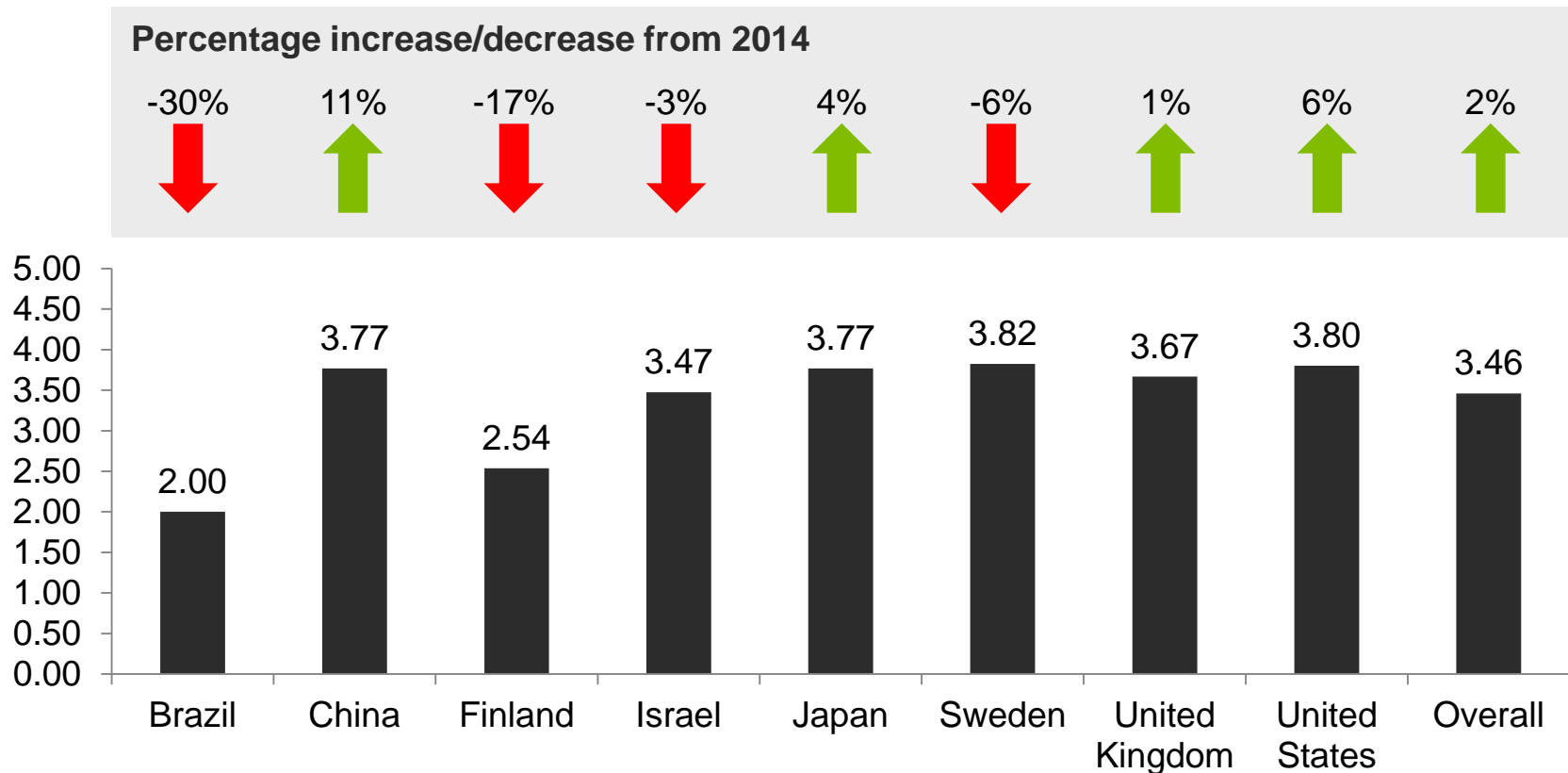


Percentages are rounded to nearest whole number

Economic trends

Economic trends

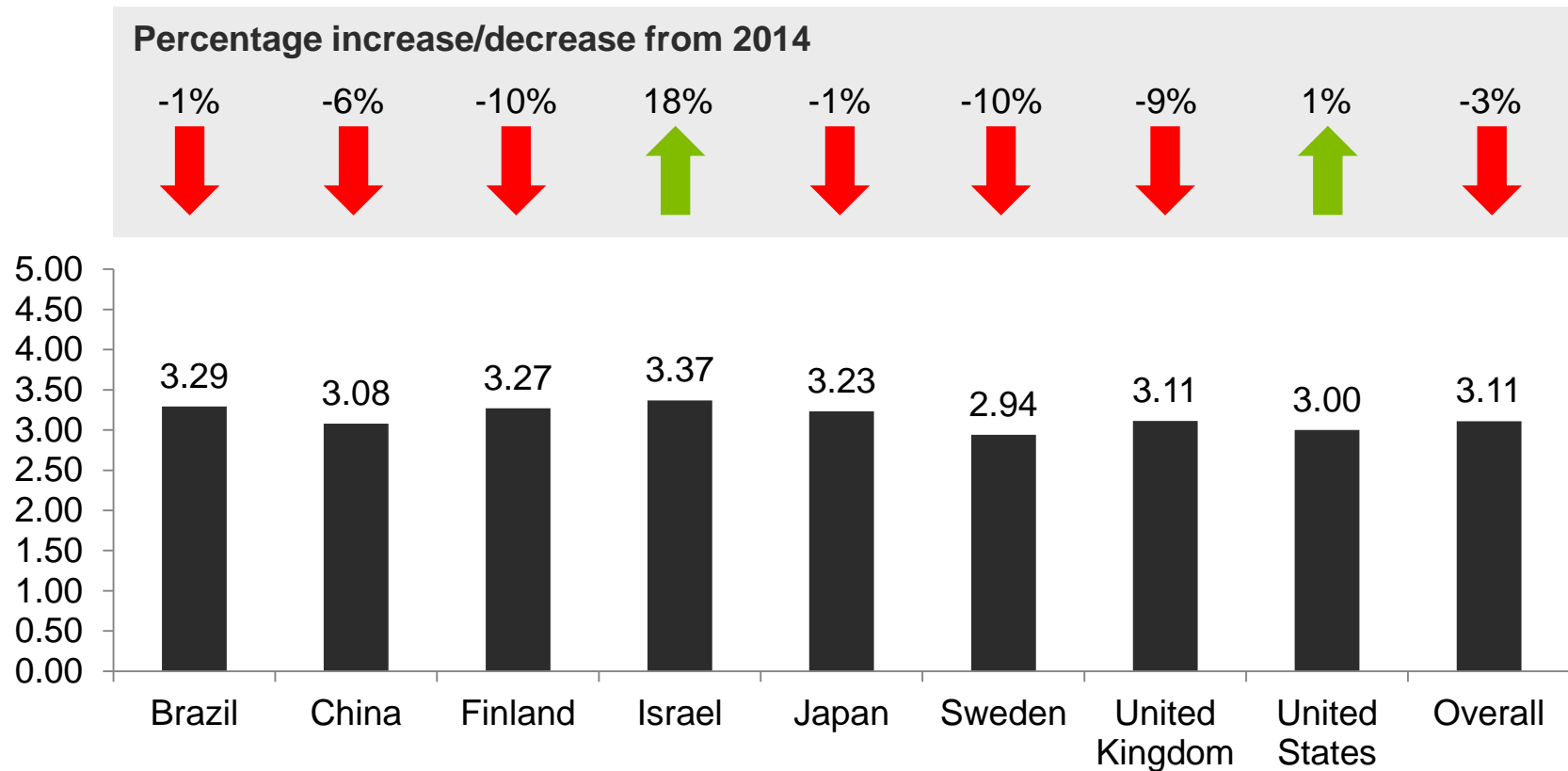
Overall confidence in my home country's macro economy in the next year



Key finding: Brazil is the country with the least confidence in its home country's economy and shows the largest YoY decrease.

Economic trends (cont.)

Overall confidence in the global economy in the next year

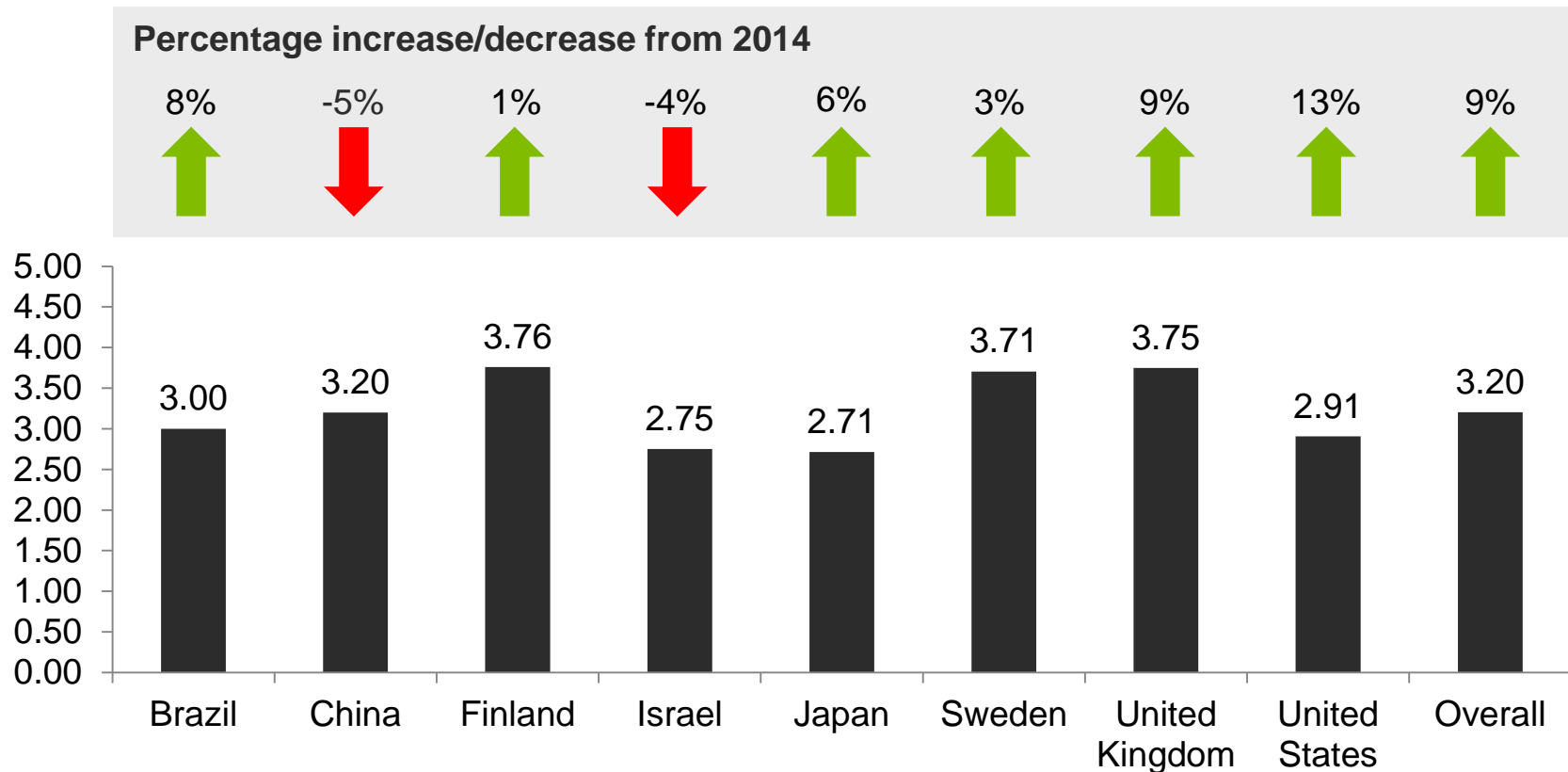


Key finding: The majority of countries polled have decreased confidence in the global economy.

Global regional
investing

Global regional investing

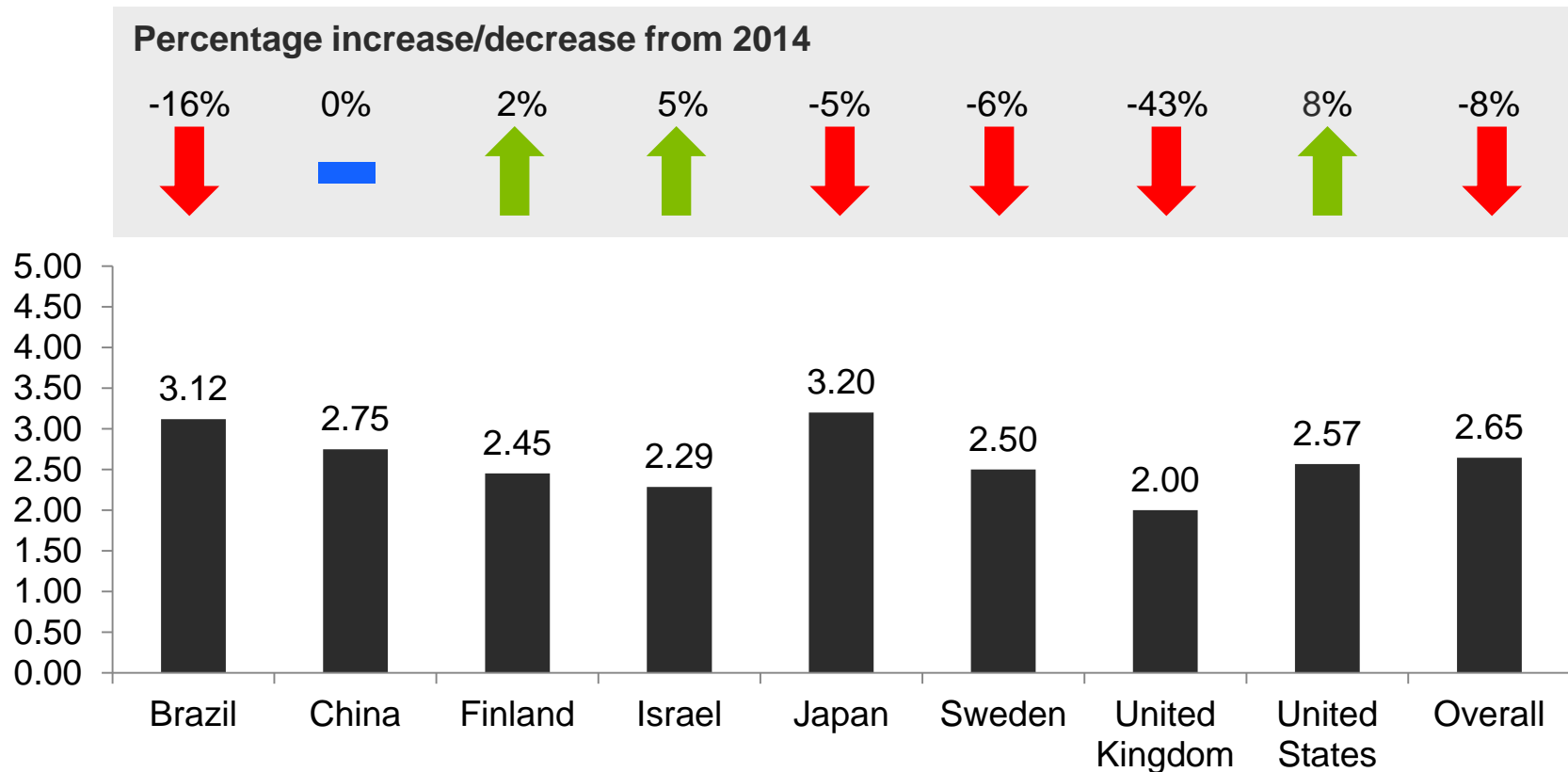
Overall confidence in investing in Europe



Key finding: European countries are confident in investing in their home region.

Global regional investing (cont.)

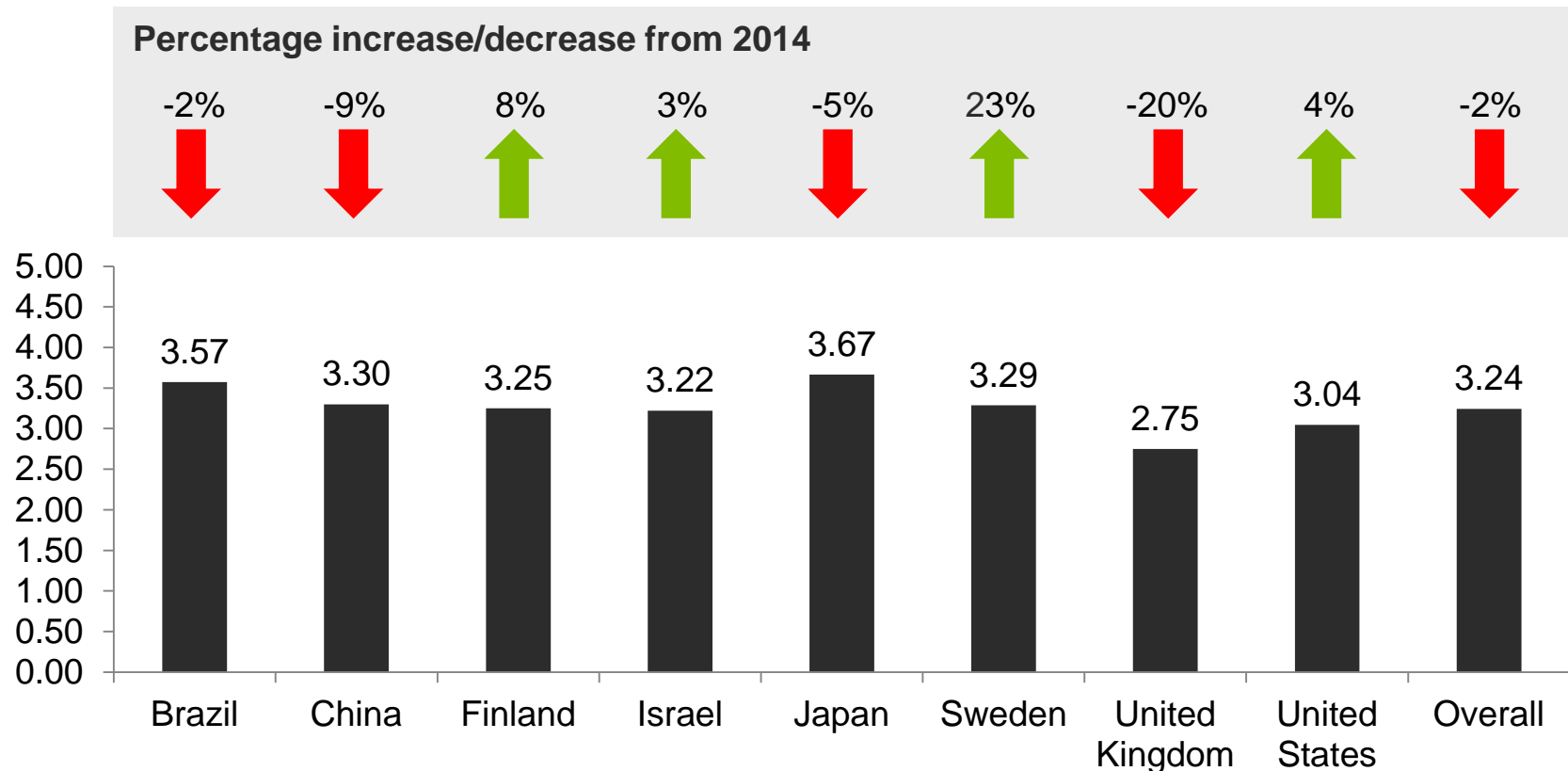
Overall confidence in investing in Latin America



Key finding: Overall, confidence in Latin America has decreased.

Global regional investing (cont.)

Overall confidence in investing in Southeast Asia

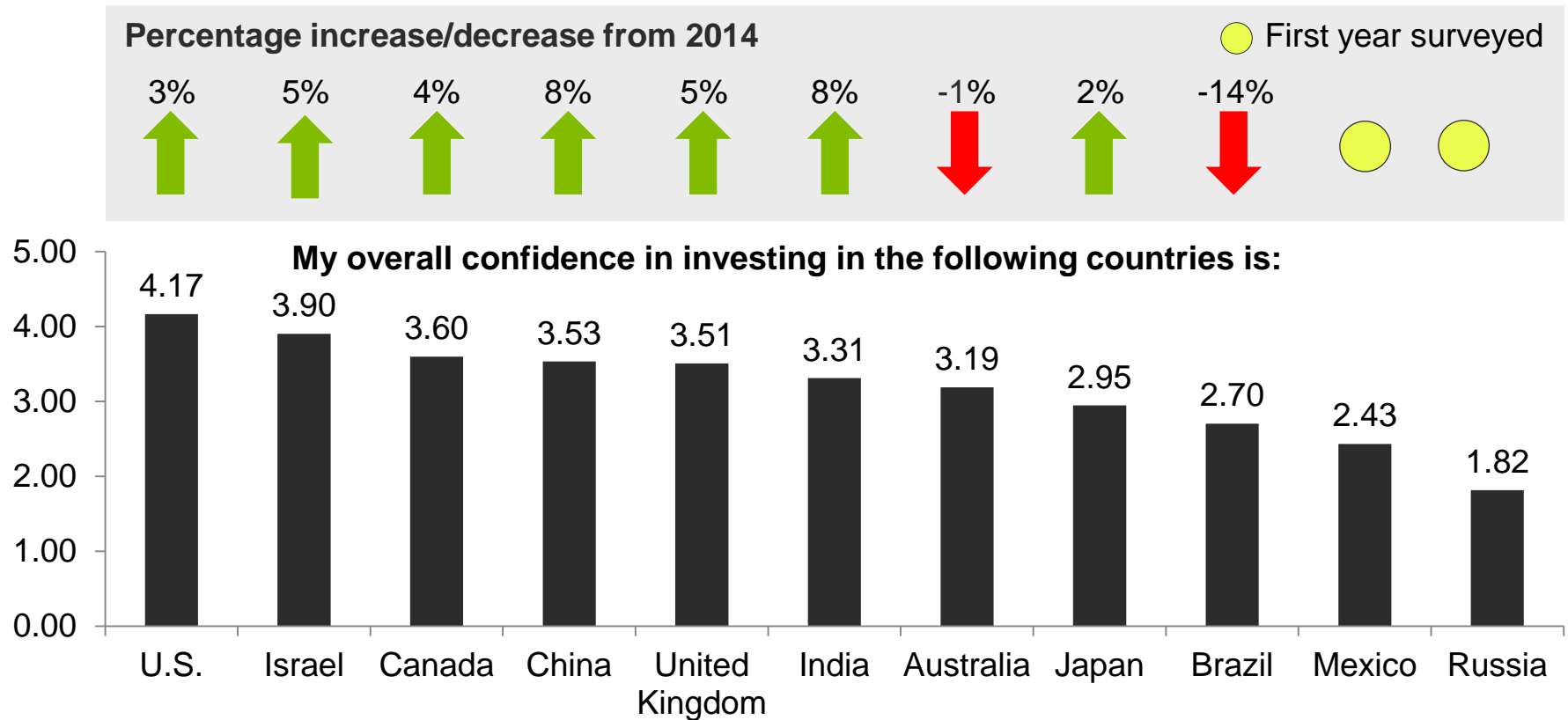


Key finding: Although the level of confidence has decreased since 2014, Japan has the highest confidence in investing in Southeast Asia.

Country investing

Country investing

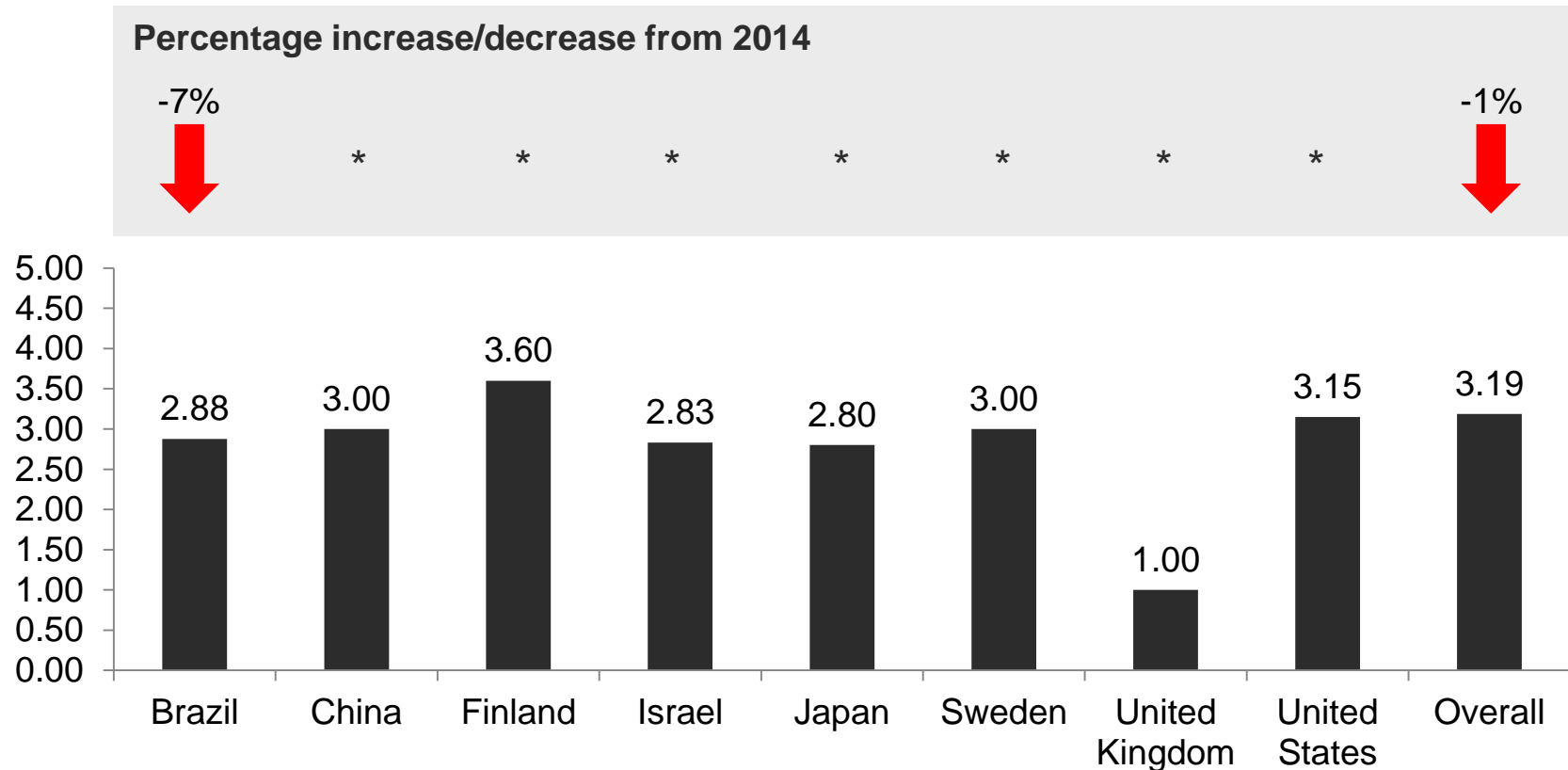
Overall confidence in investing in select countries



Key finding: U.S., Israel, and Canada have the highest confidence ratings for the second year in a row.

Country investing (cont.)

Overall confidence in investing in Australia

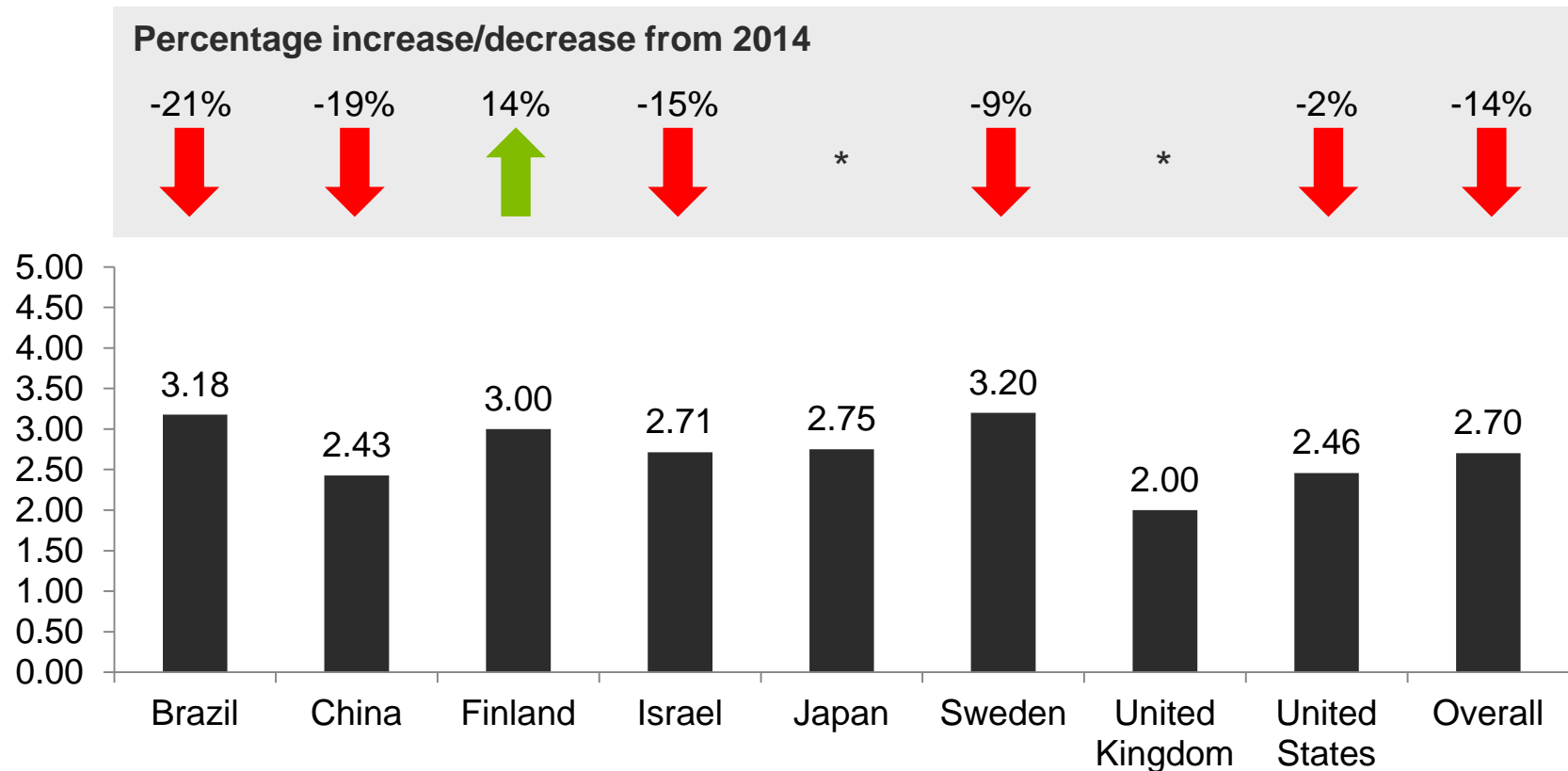


Key finding: Confidence levels in investing in Australia have decreased.

*YoY data unavailable

Country investing (cont.)

Overall confidence in investing in Brazil

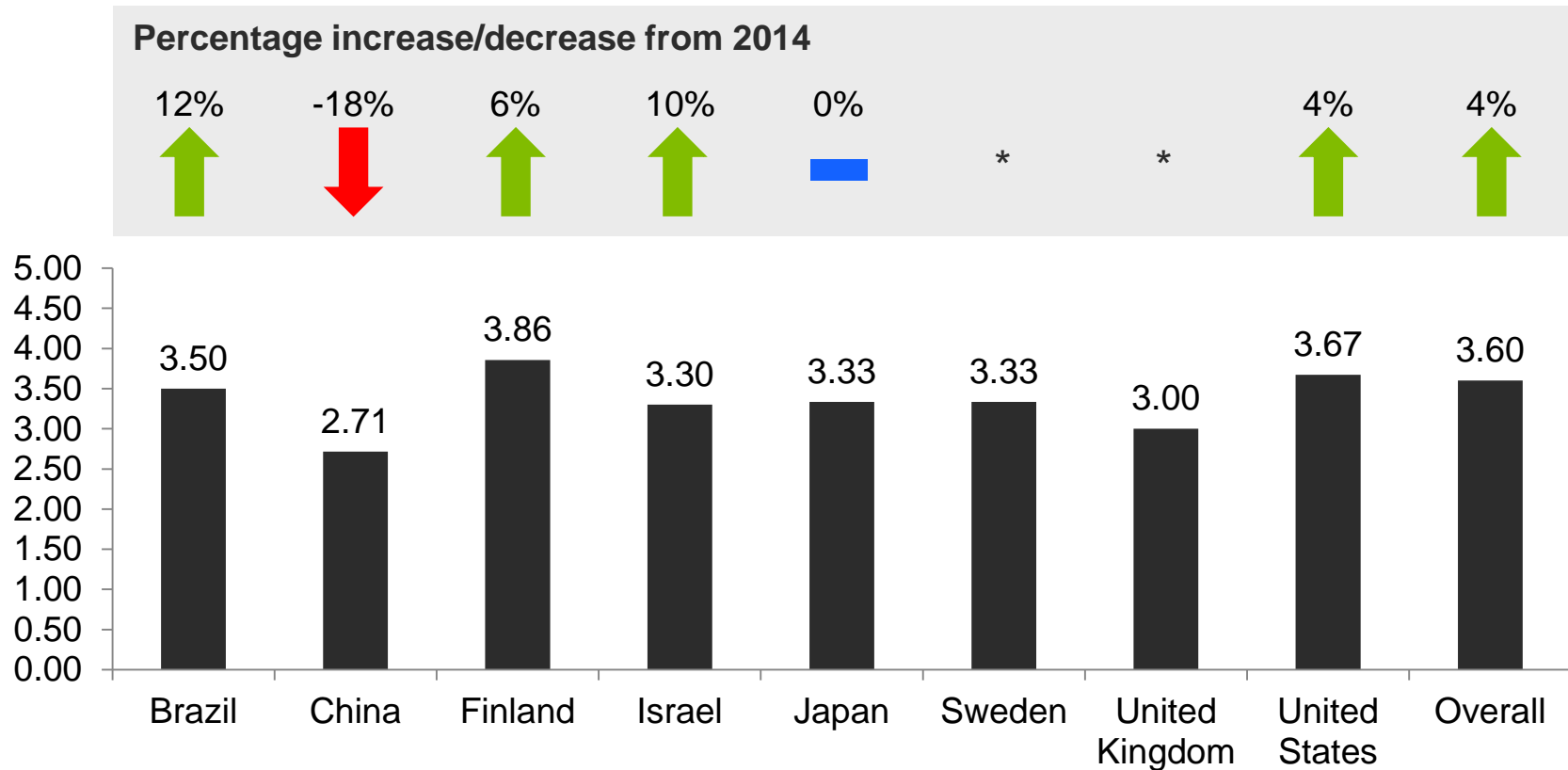


Key finding: Confidence in investing in Brazil has decreased, potentially due to the slowing economy.

*YoY data unavailable

Country investing (cont.)

Overall confidence in investing in Canada



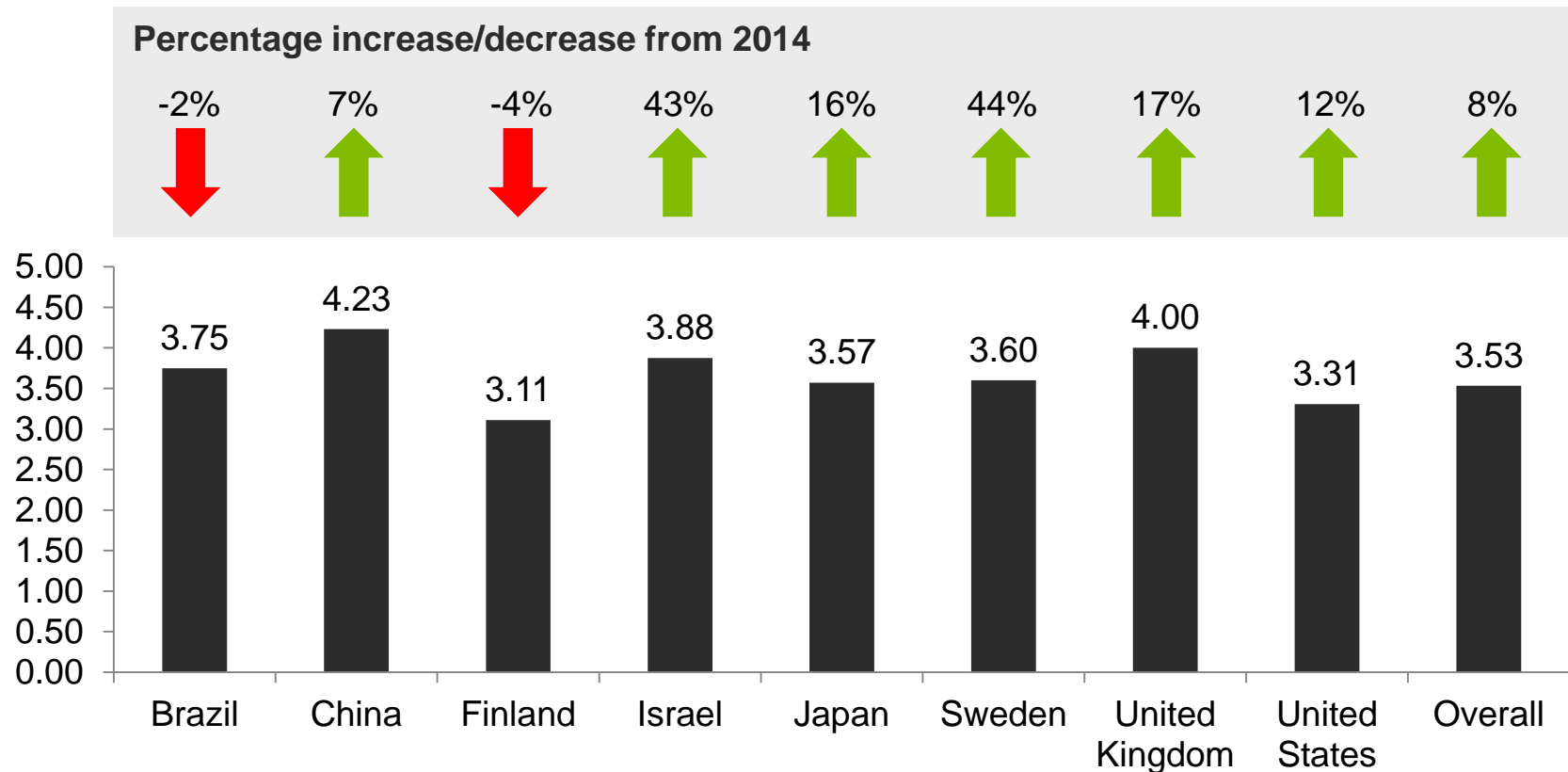
Key finding: Investor confidence was third highest in Canada.

*YoY data unavailable

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Country investing (cont.)

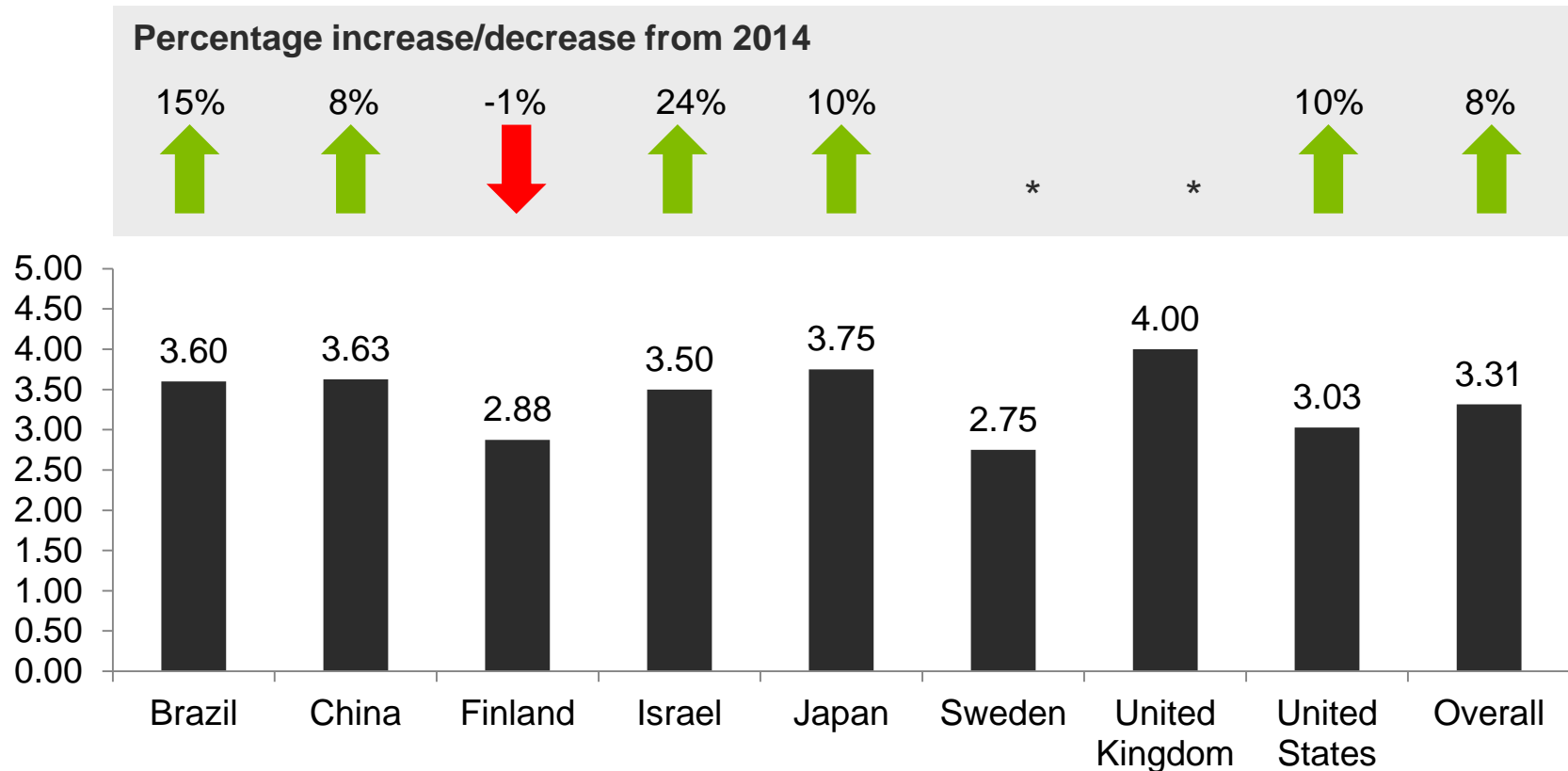
Overall confidence in investing in China



Key finding: Confidence ratings reflect sentiments prior to the recent slowing of the economy.

Country investing (cont.)

Overall confidence in investing in India



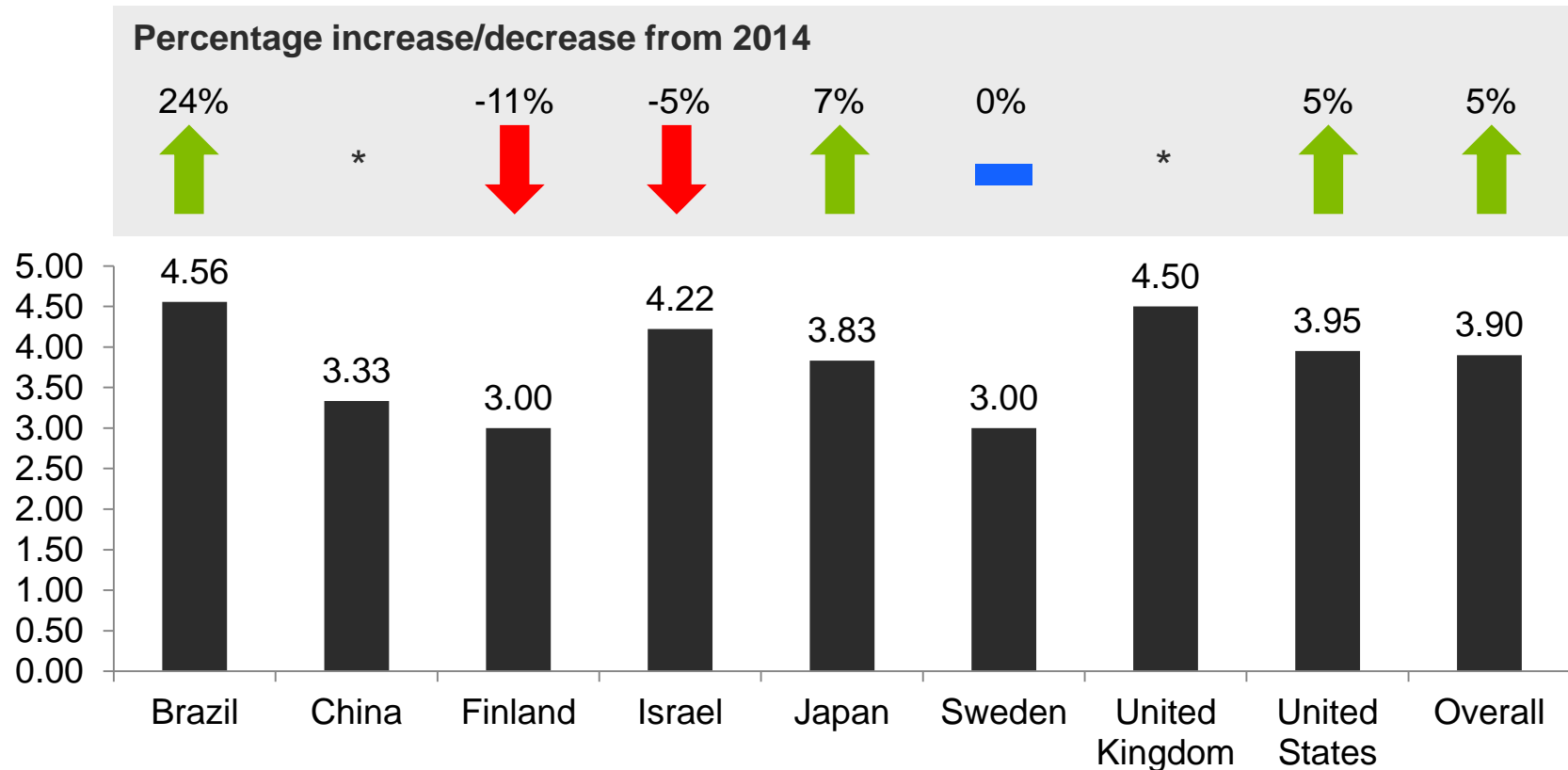
Key finding: Most countries saw an increase in confidence in investing in India.

*YoY data unavailable

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Country investing (cont.)

Overall confidence in investing in Israel



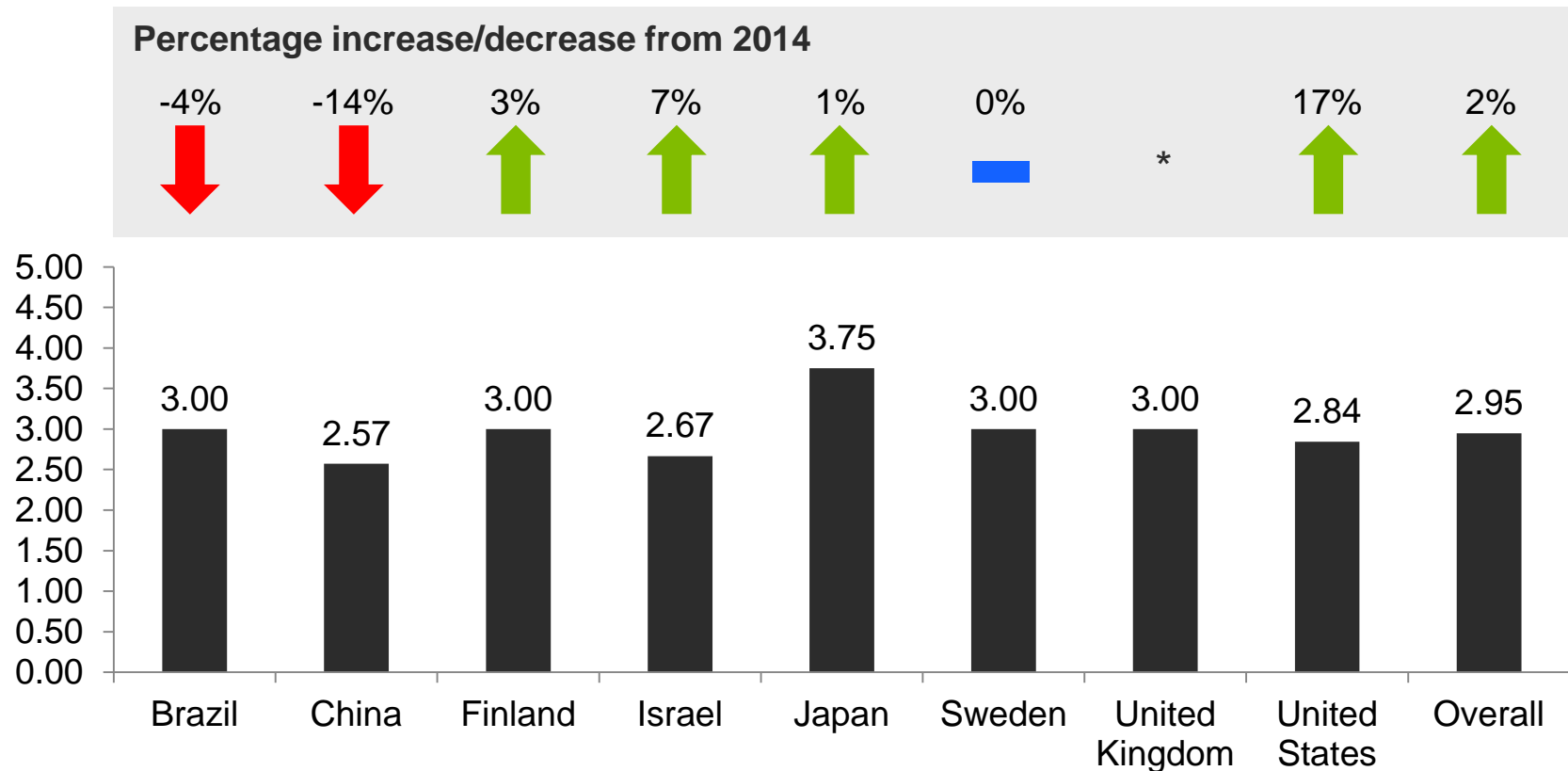
Key finding: All countries rated their confidence levels in Israel a 3 or higher.

*YoY data unavailable

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Country investing (cont.)

Overall confidence in investing in Japan

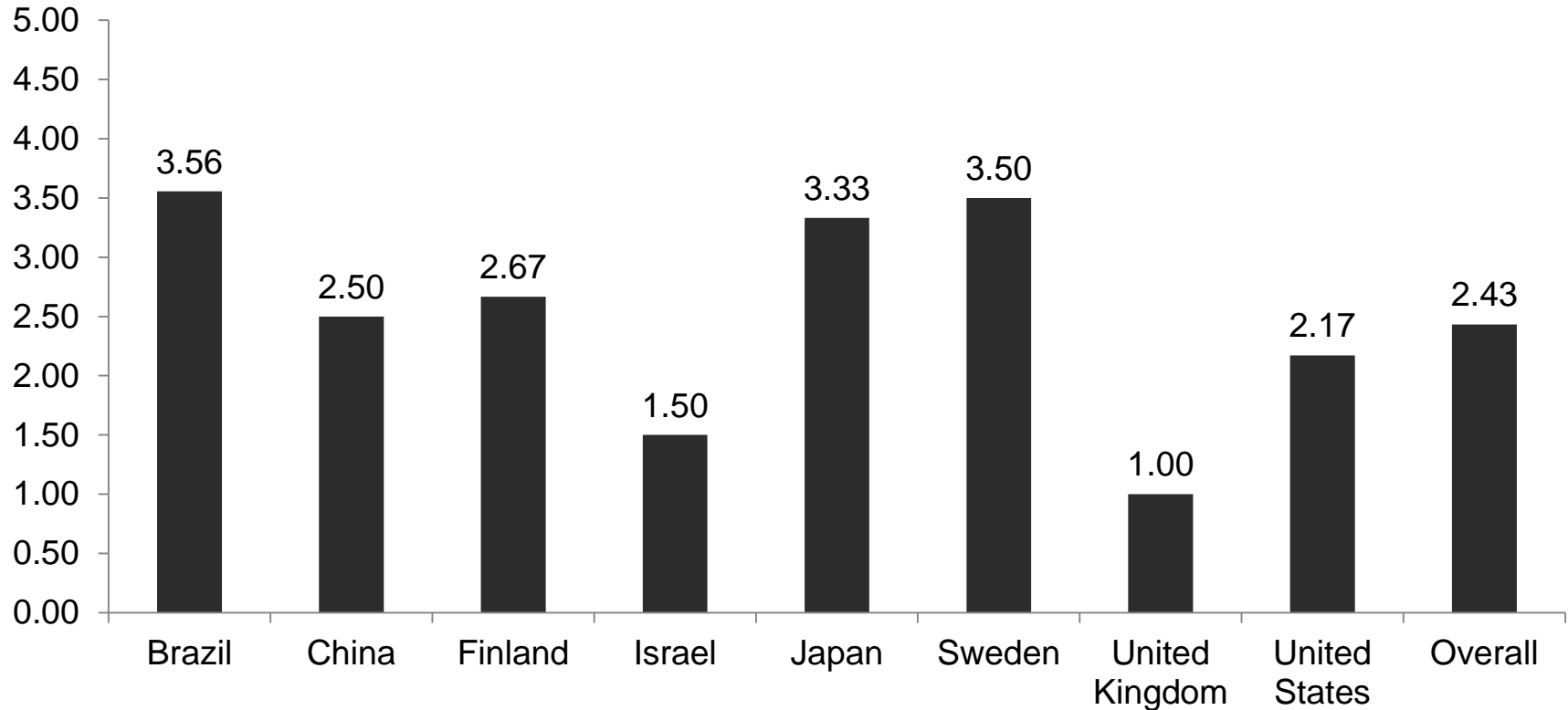


Key finding: With the exception of Japan, all other countries rated their confidence levels a 3 or lower.

*YoY data unavailable

Country investing (cont.)

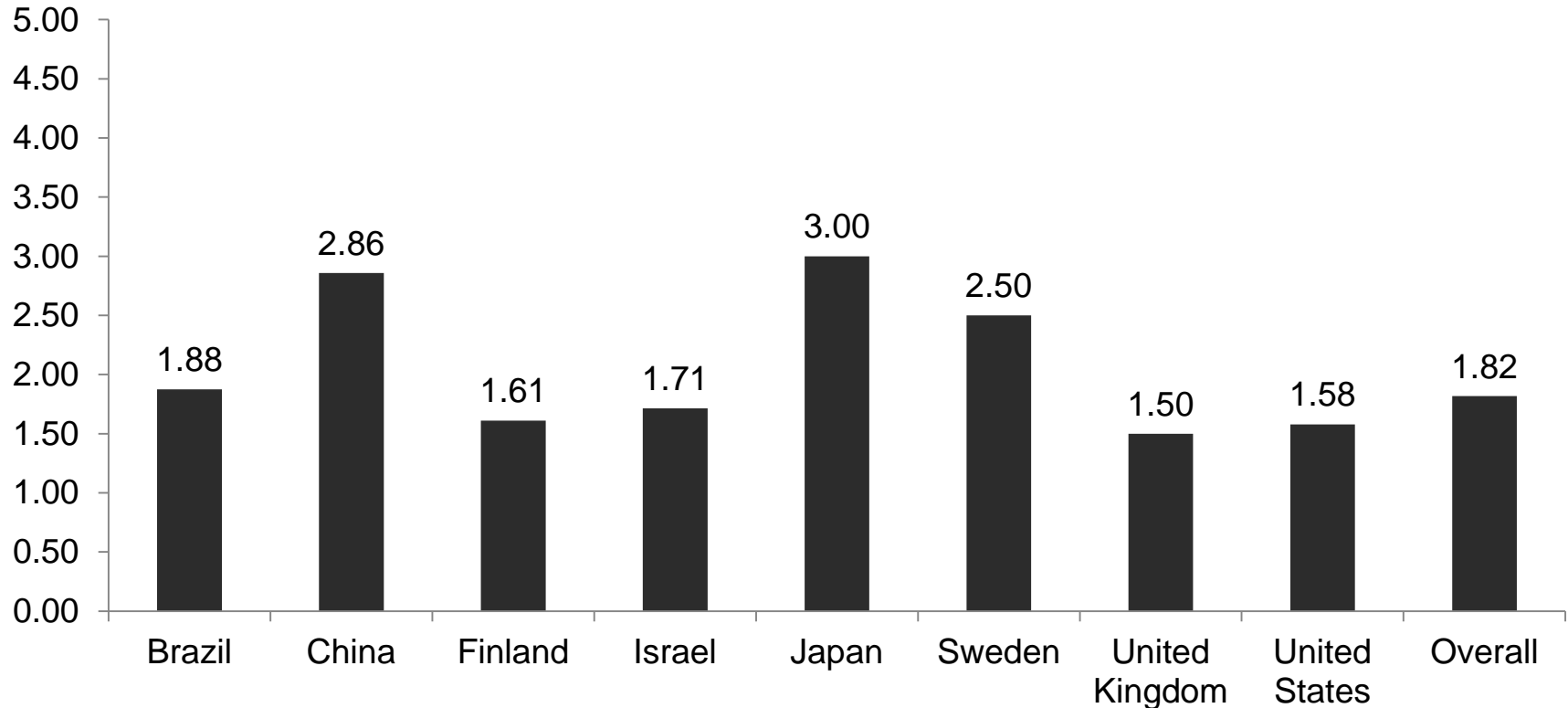
Overall confidence in investing in Mexico



Key finding: Israel and United Kingdom shows the least confidence in investing in Mexico.

Country investing (cont.)

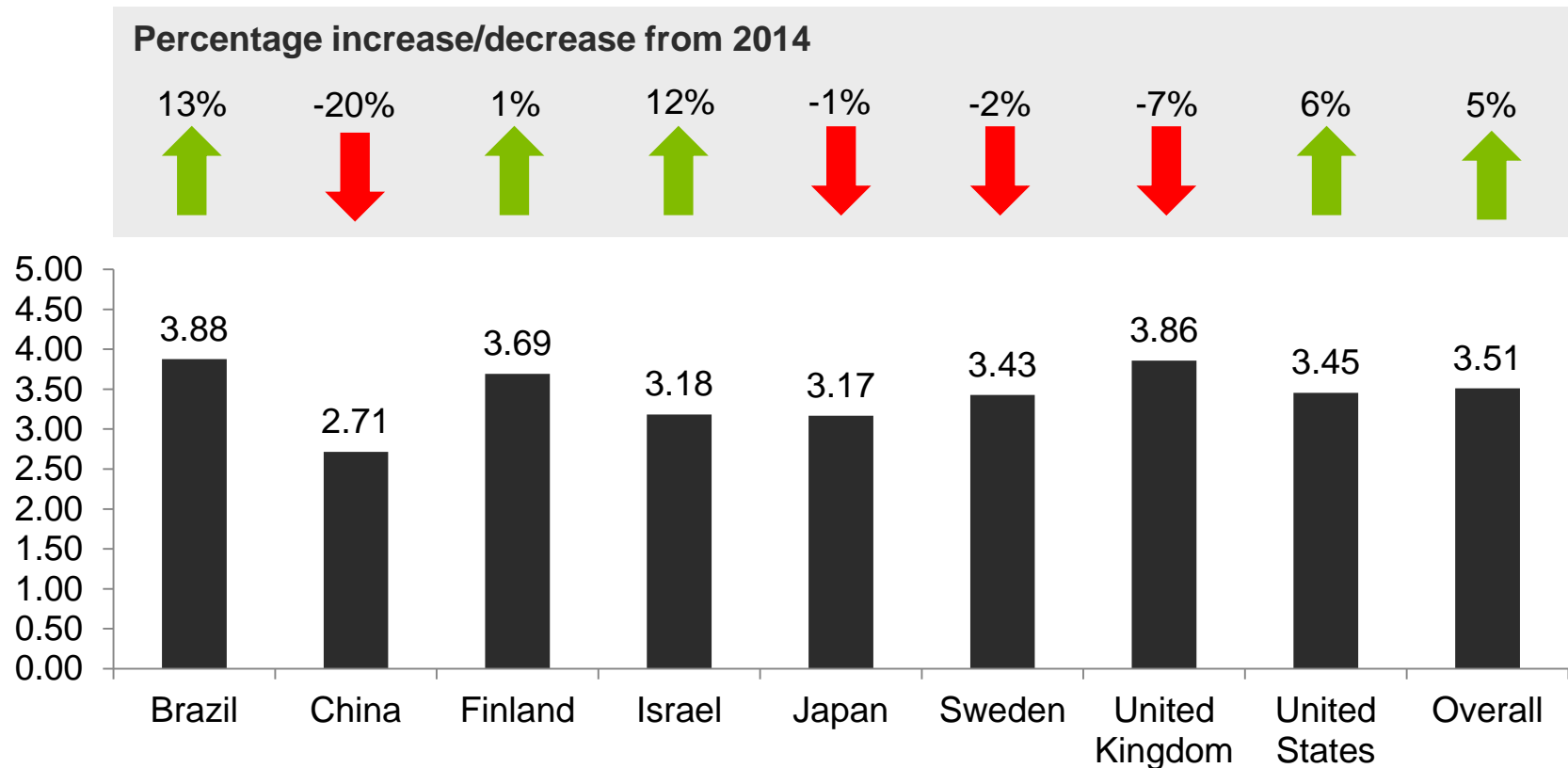
Overall confidence in investing in Russia



Key finding: Most countries exhibited very little confidence in investing in Russia.

Country investing (cont.)

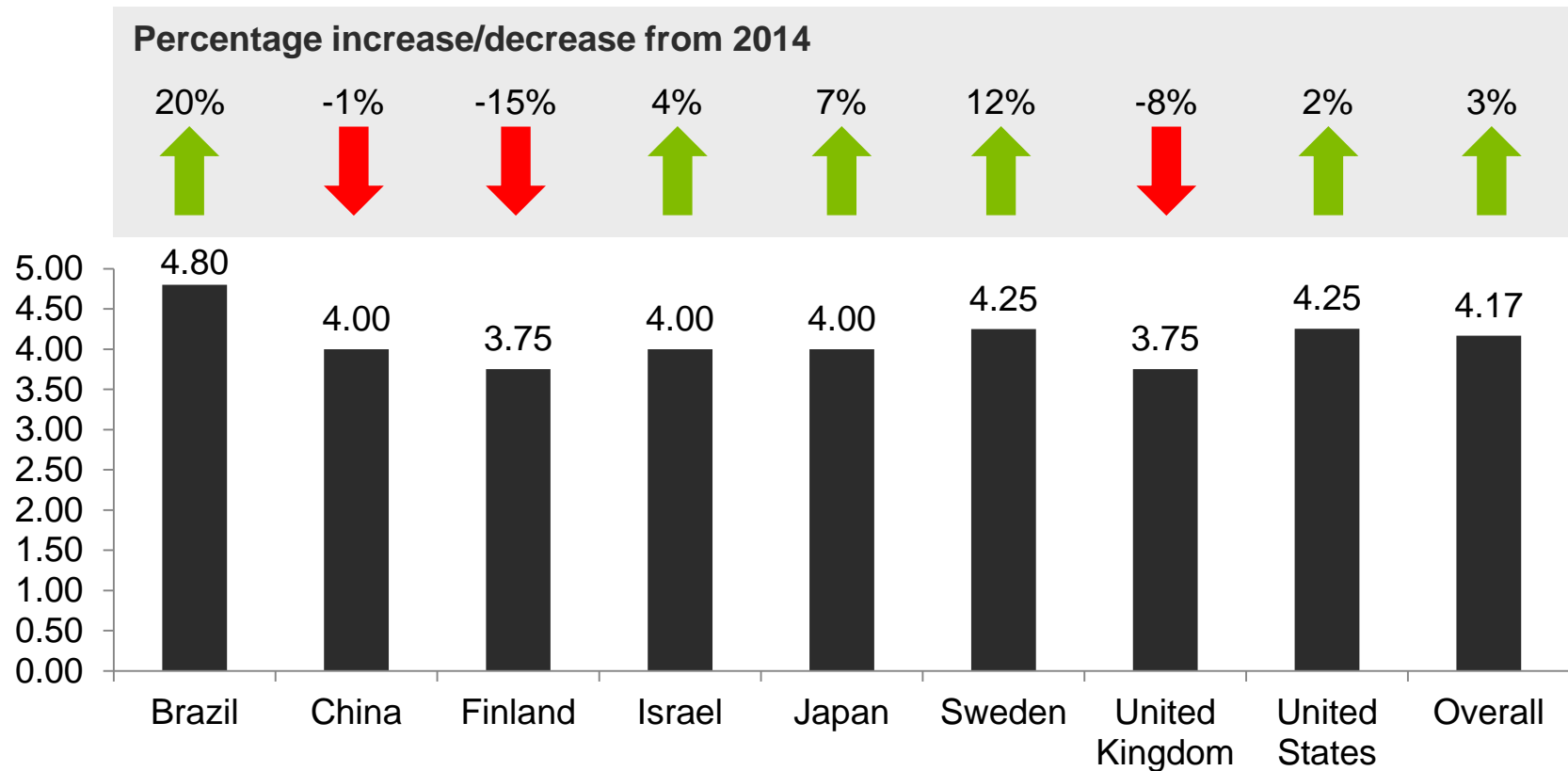
Overall confidence in investing in the United Kingdom



Key finding: With the exception of China, most countries are confident in investing in the United Kingdom.

Country investing (cont.)

Overall confidence in investing in the United States

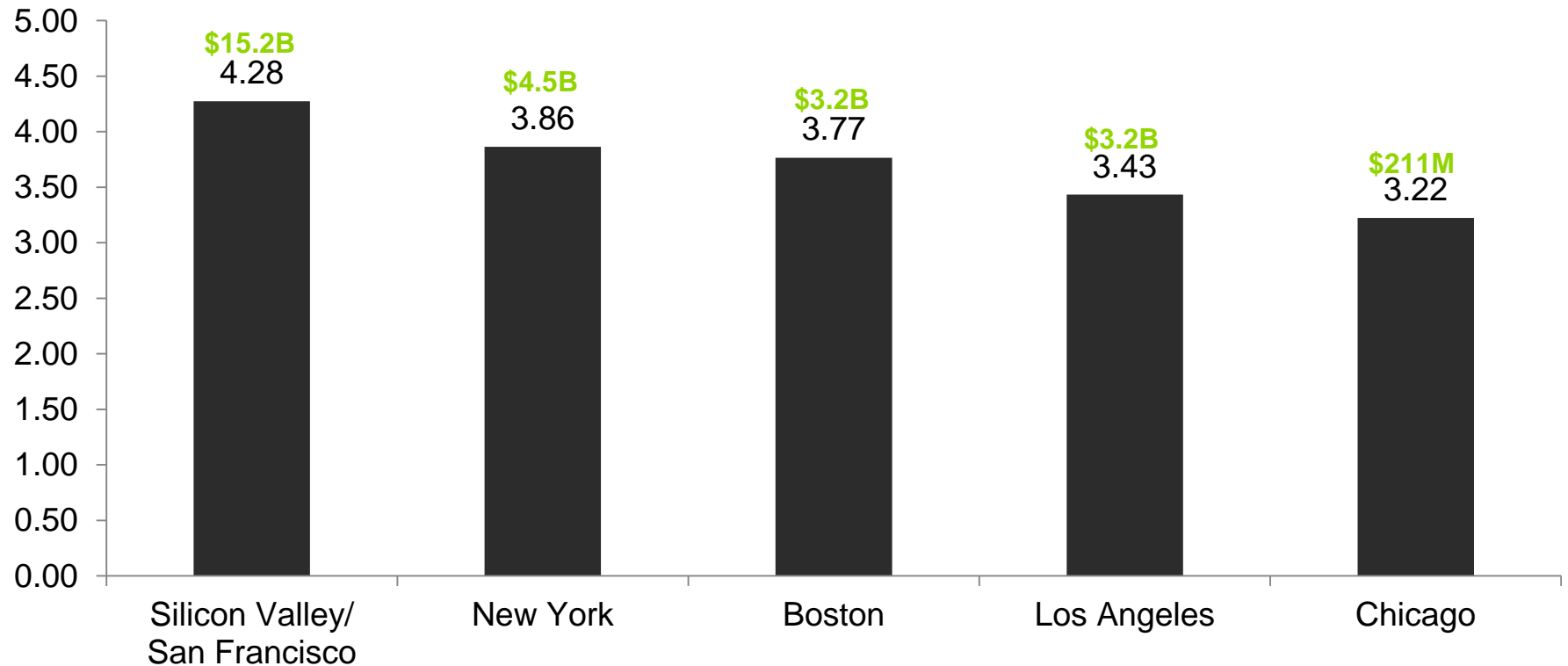


Key finding: The U.S. received the highest confidence rating from 2012-2015.

U.S. metro area
investing

U.S. metro area investing

Overall confidence in investing in major U.S. metros

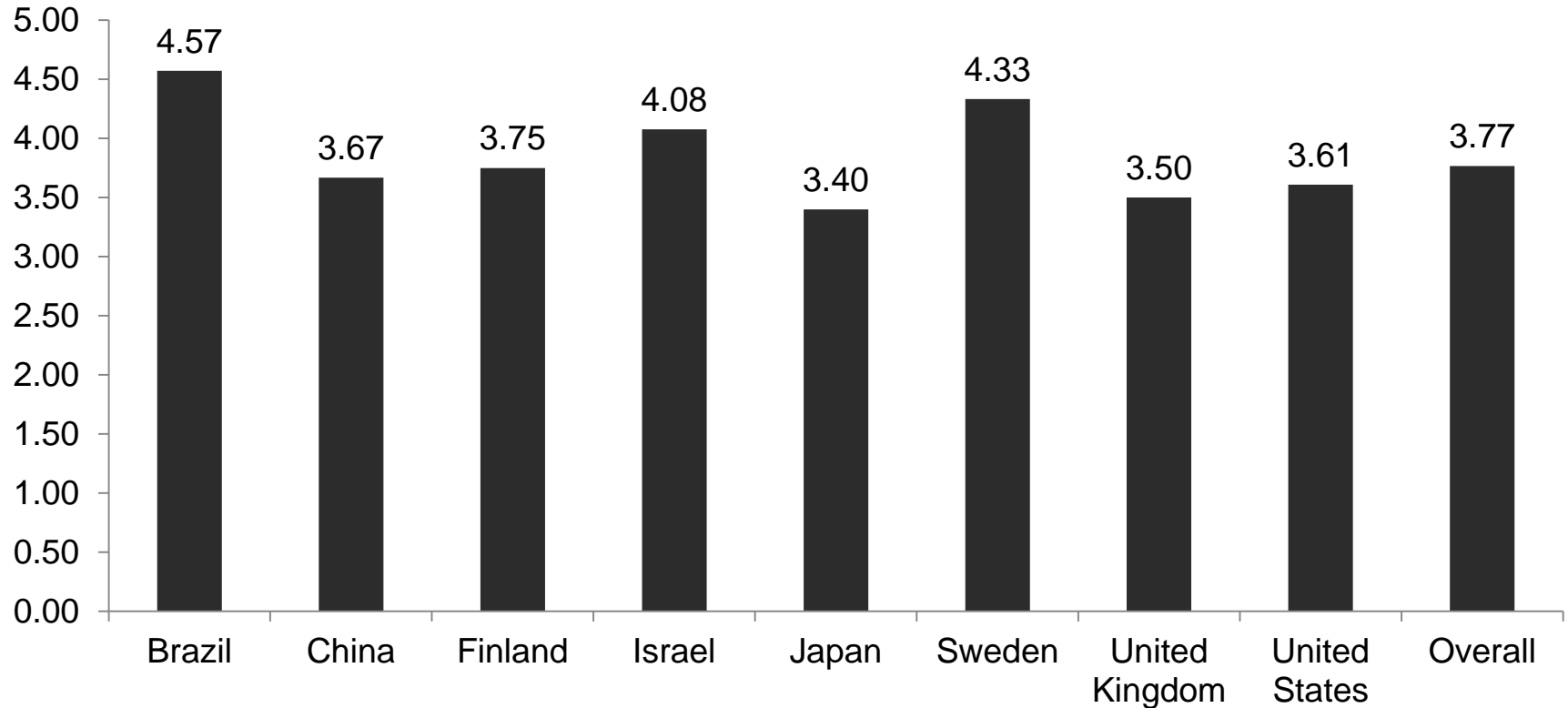


Key finding: Metro areas with the highest confidence ratings have received the highest venture capital investment through Q2 2015.

Note: Dollar amounts indicate venture capital investment dollars received in 2015 through Q2.

U.S. metro area investing (cont.)

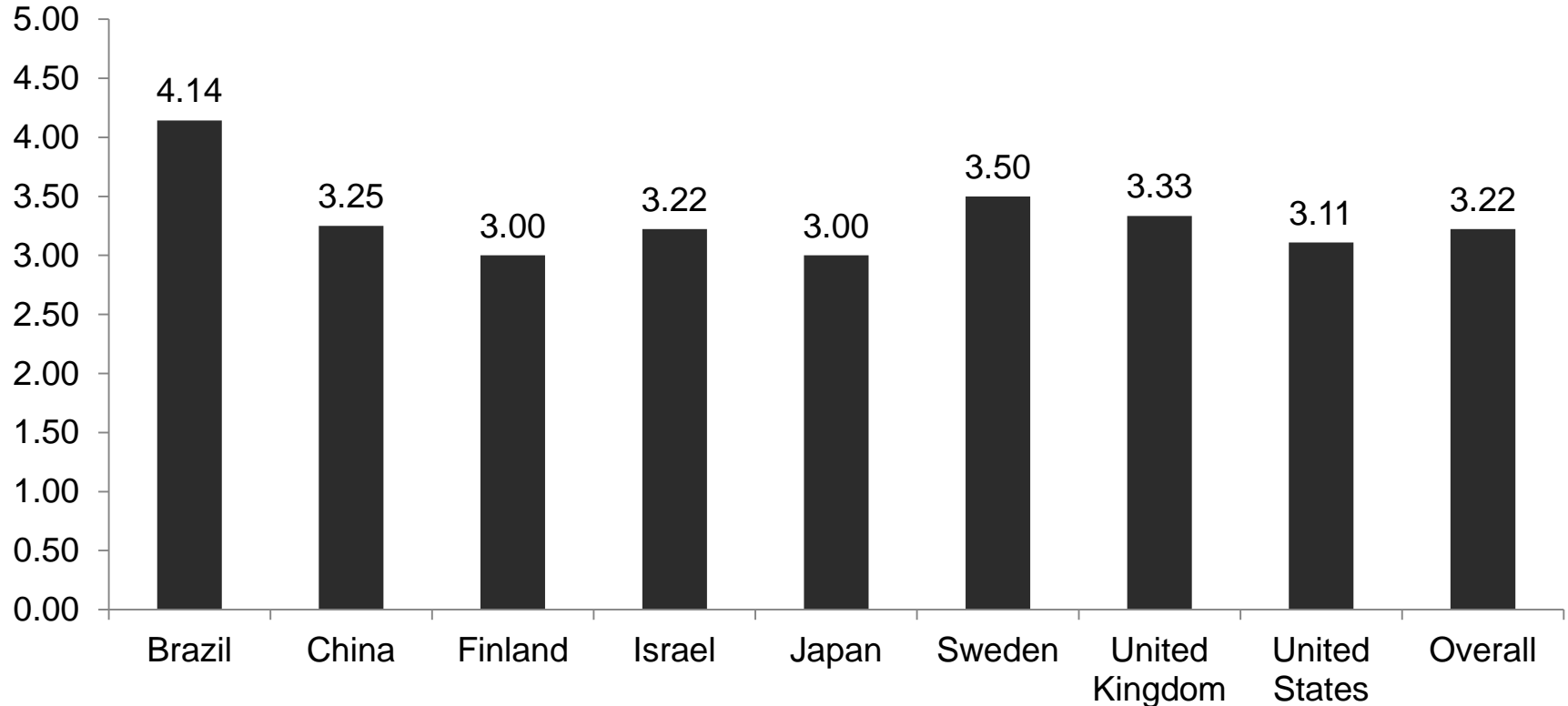
Overall confidence in investing in Boston



Key finding: Boston ranked third highest for confidence in investing in major U.S. metros.

U.S. metro area investing (cont.)

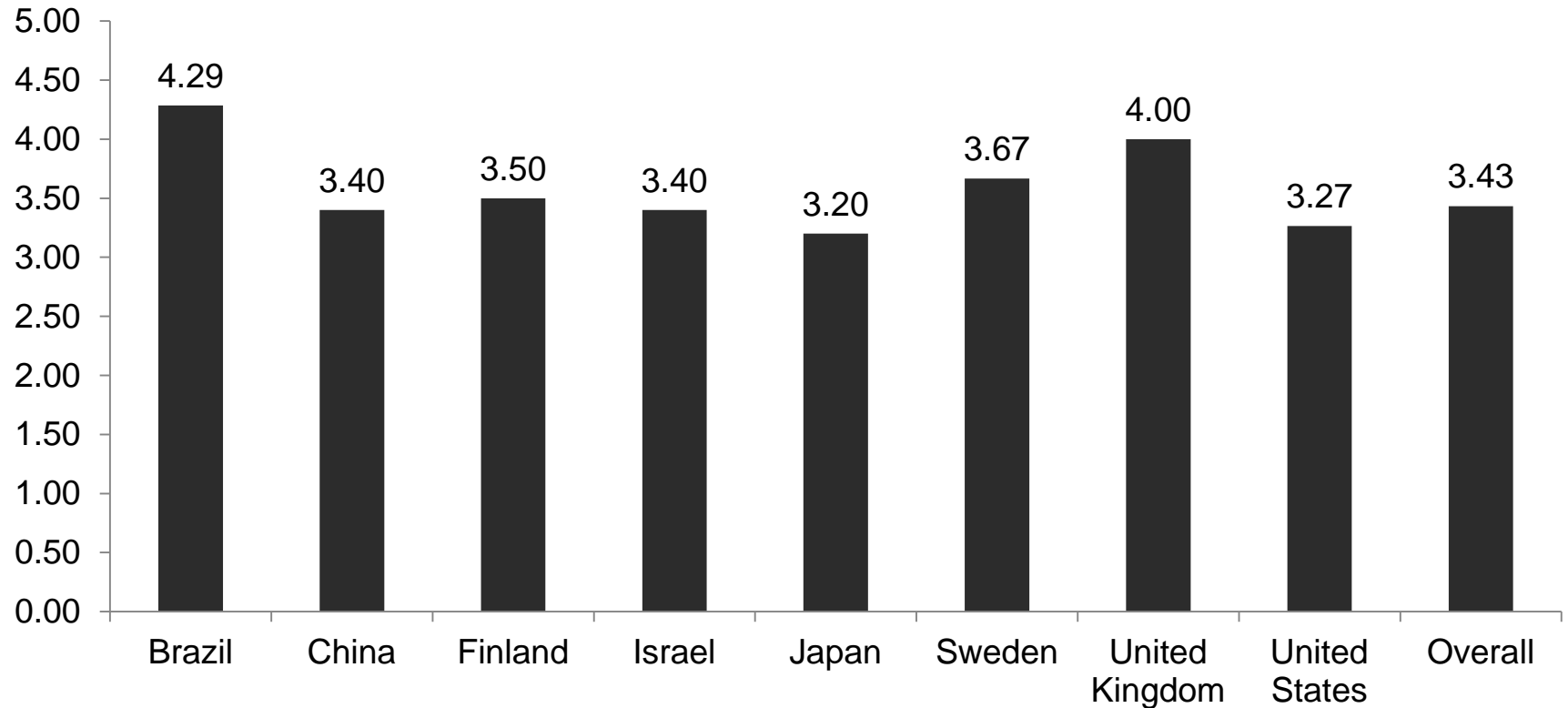
Overall confidence in investing in Chicago



Key finding: Chicago ranked fifth for confidence in investing in major U.S. metros.

U.S. metro area investing (cont.)

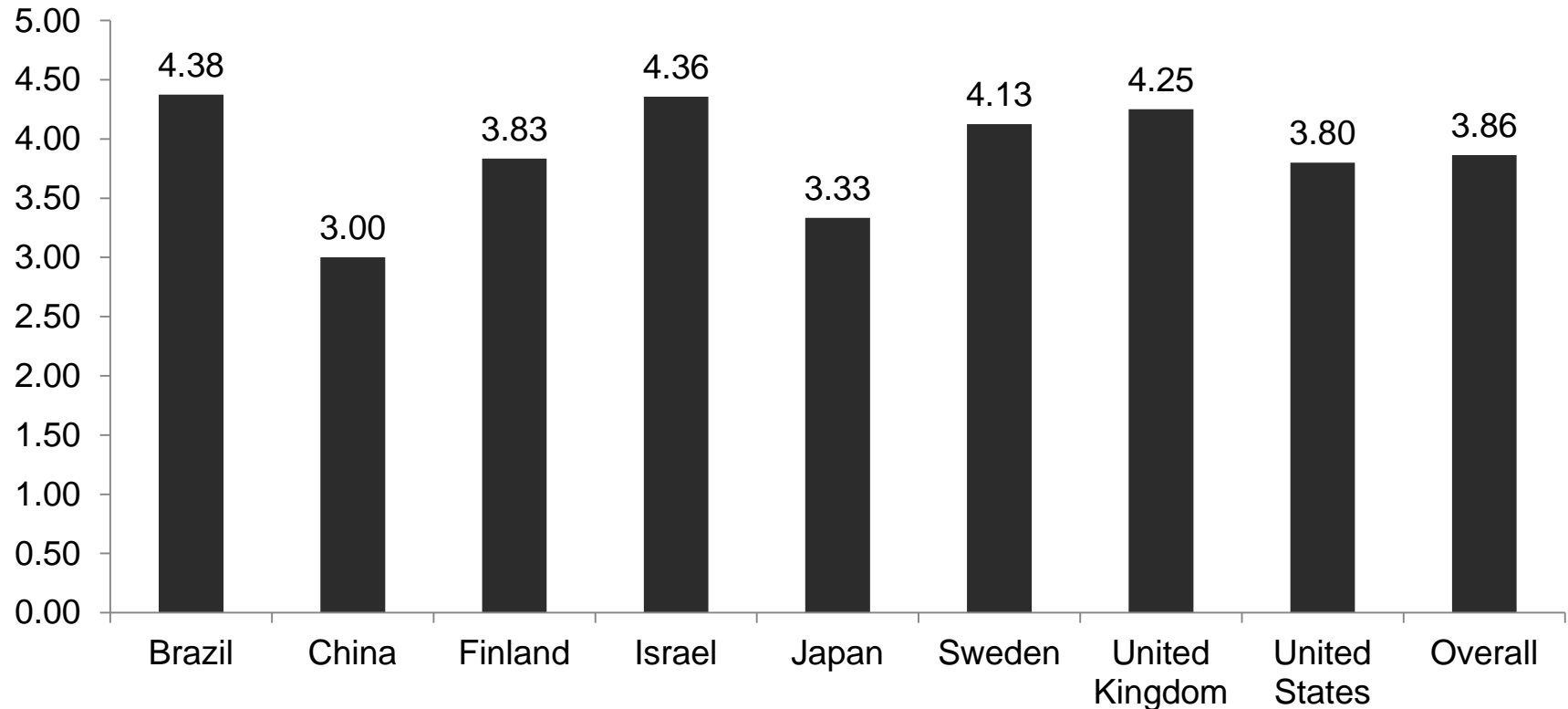
Overall confidence in investing in Los Angeles



Key finding: Los Angeles ranked fourth for confidence in investing in major U.S. metros.

U.S. metro area investing (cont.)

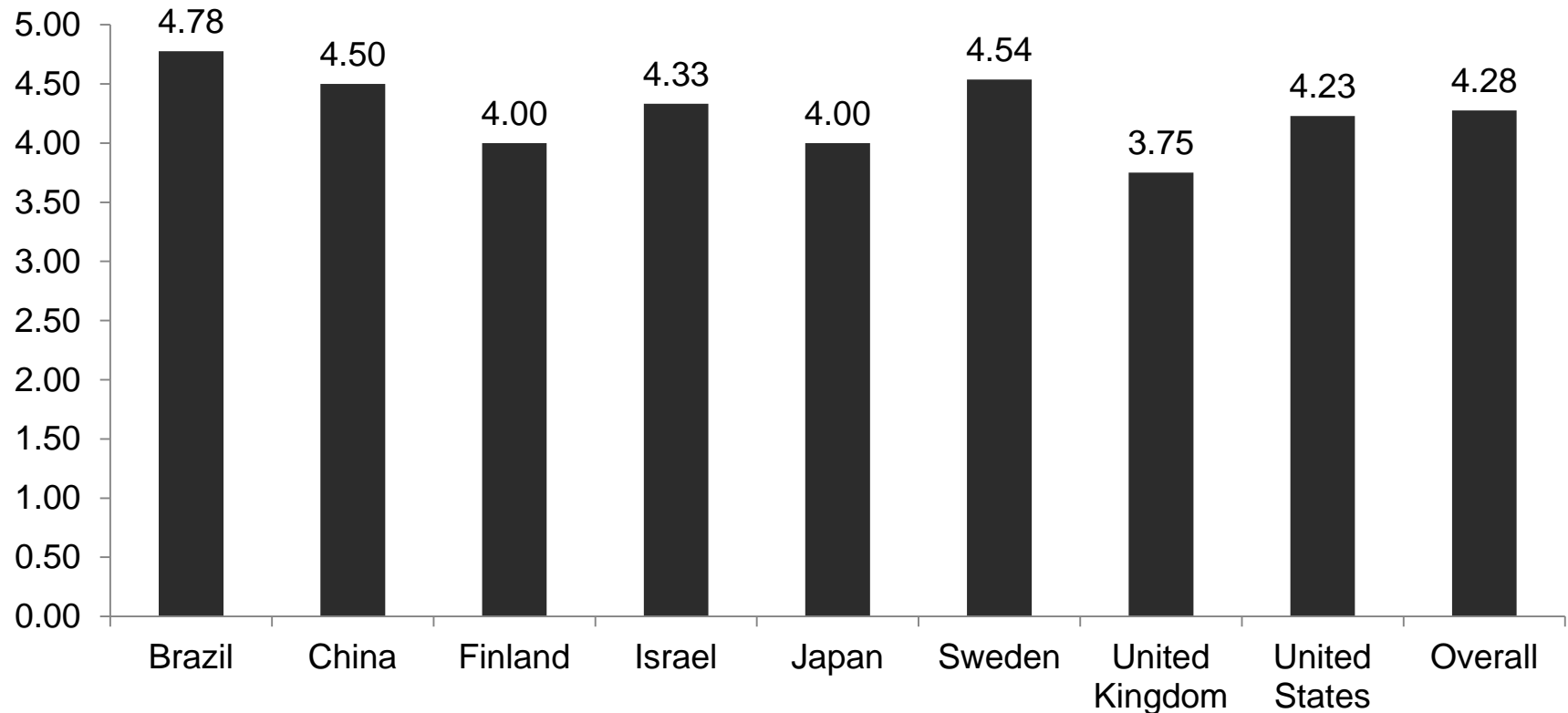
Overall confidence in investing in New York



Key finding: New York ranked second for confidence in investing in major U.S. metros.

U.S. metro area investing (cont.)

Overall confidence in investing in Silicon Valley/San Francisco

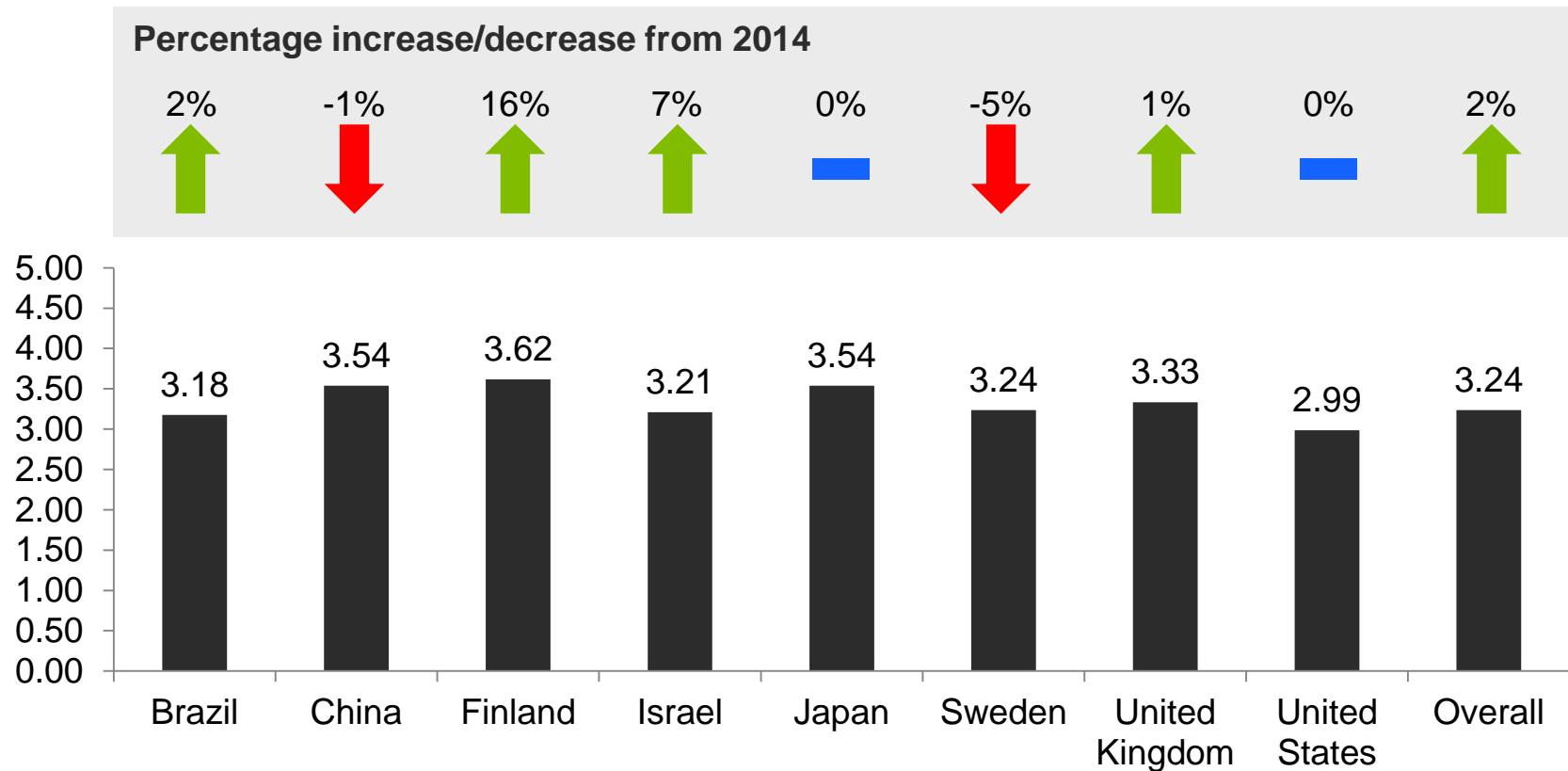


Key finding: Silicon Valley/San Francisco holds the top ranking for confidence in investing in major U.S. metros.

Capital markets

Capital markets

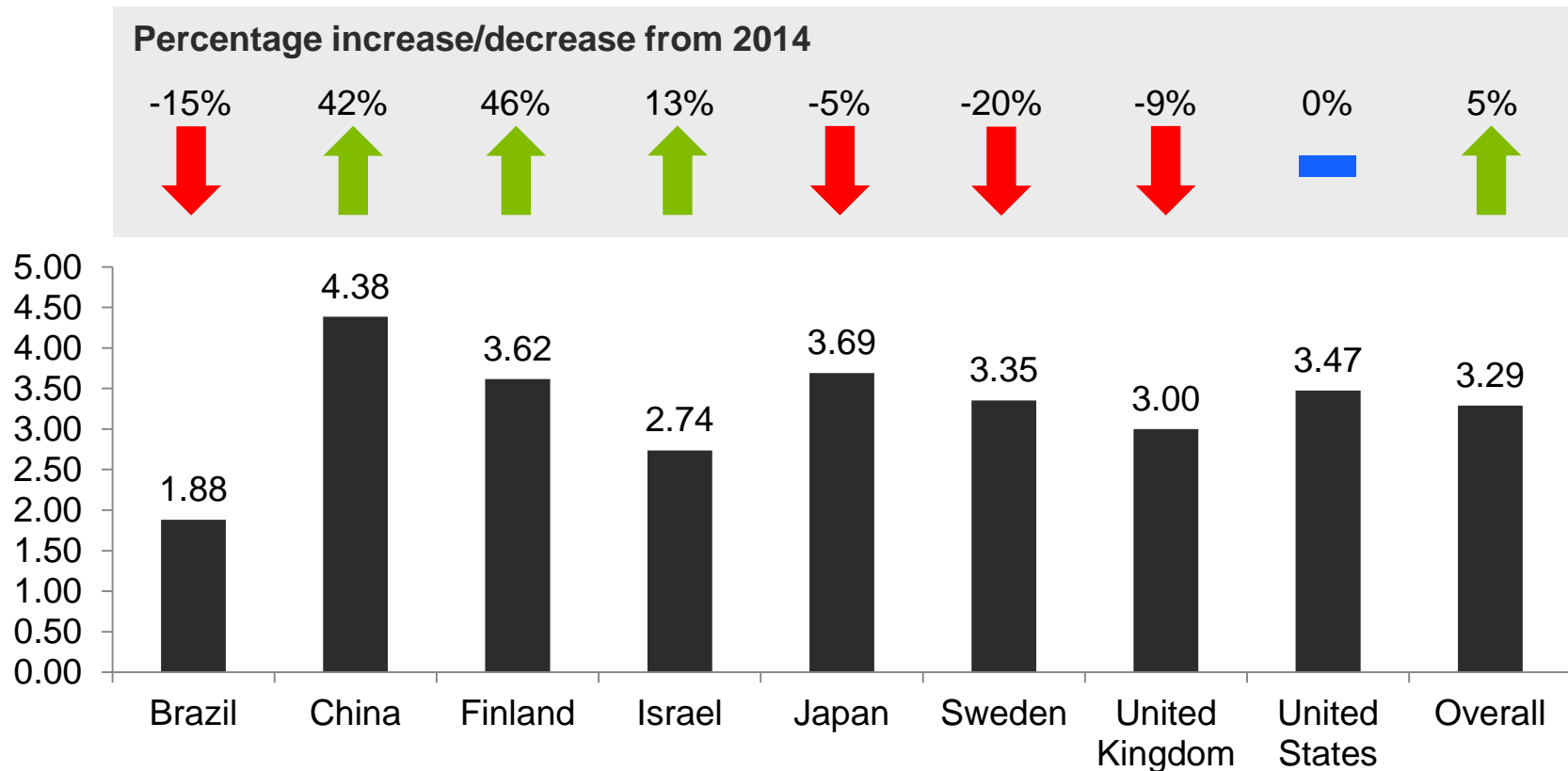
Overall confidence in the global Initial Public Offering (IPO) market over the next year



Key finding: Overall respondents are more confident in the global IPO market compared to last year with Finland showing the greatest increase in confidence.

Capital markets (cont.)

Overall confidence in my home country's IPO market over the next year

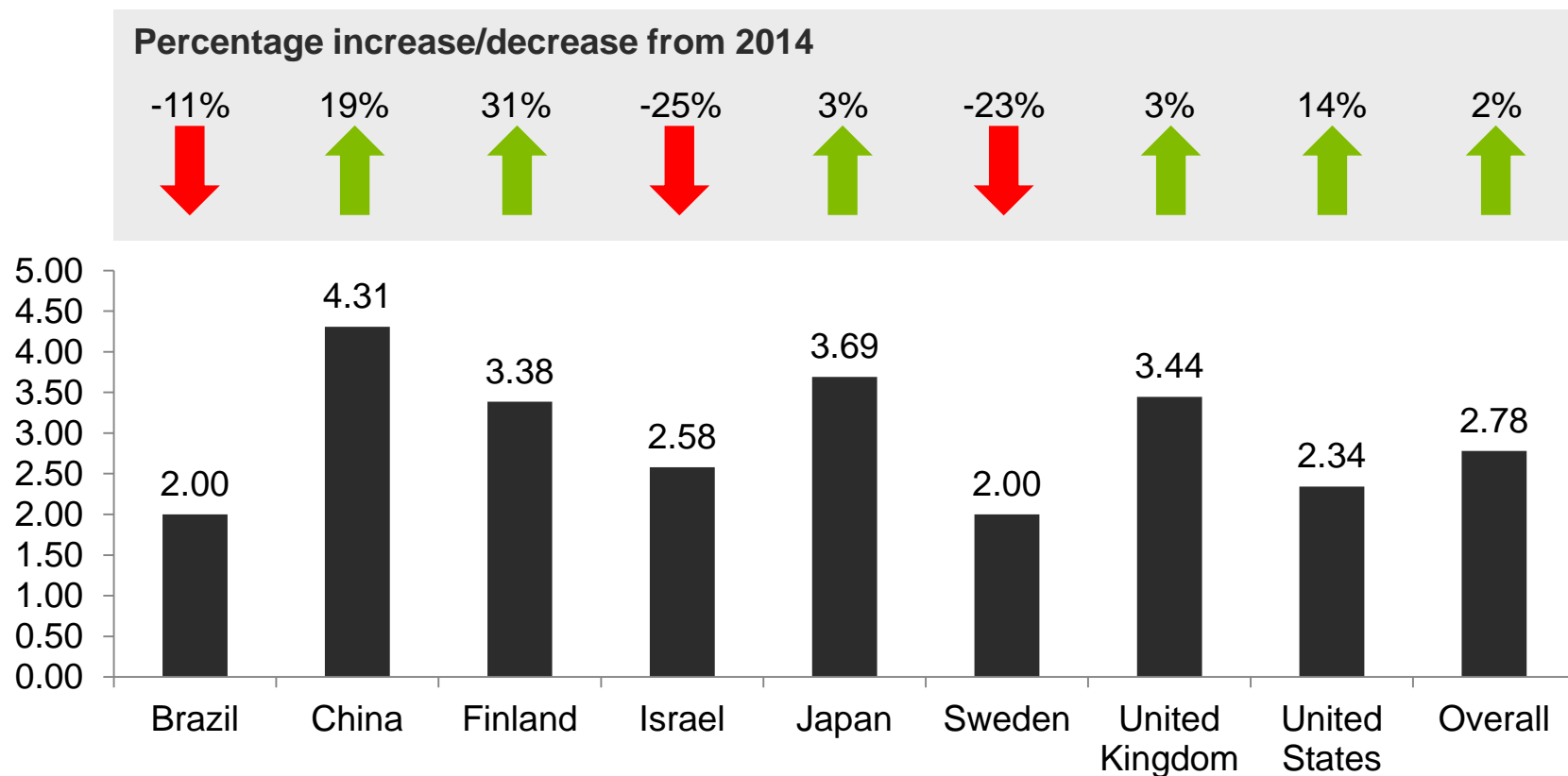


Key finding: IPO confidence levels varied greatly by country.

Public policy

Public policy

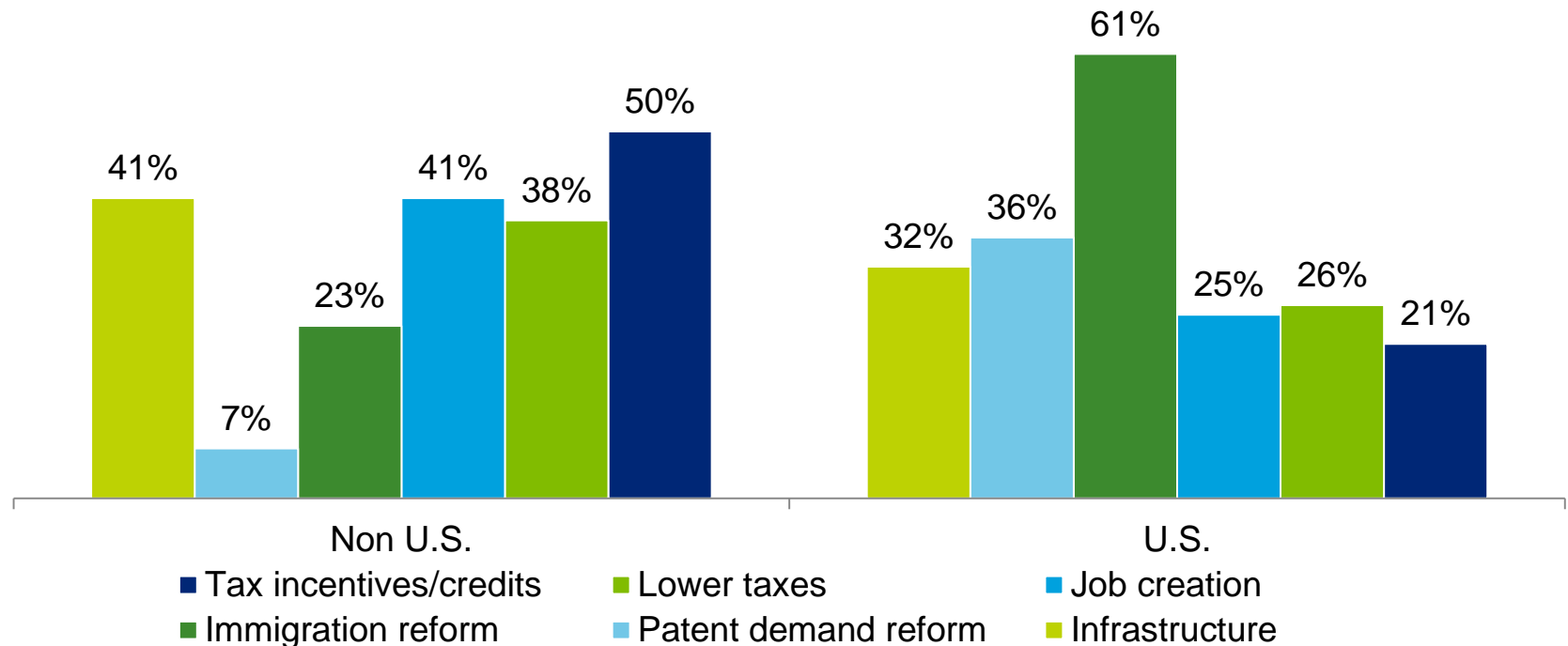
Overall confidence in my home country government's ability to enact policies that support domestic investment in the next year



Key finding: Overall public policy confidence ratings are below average.

Public policy (cont.)

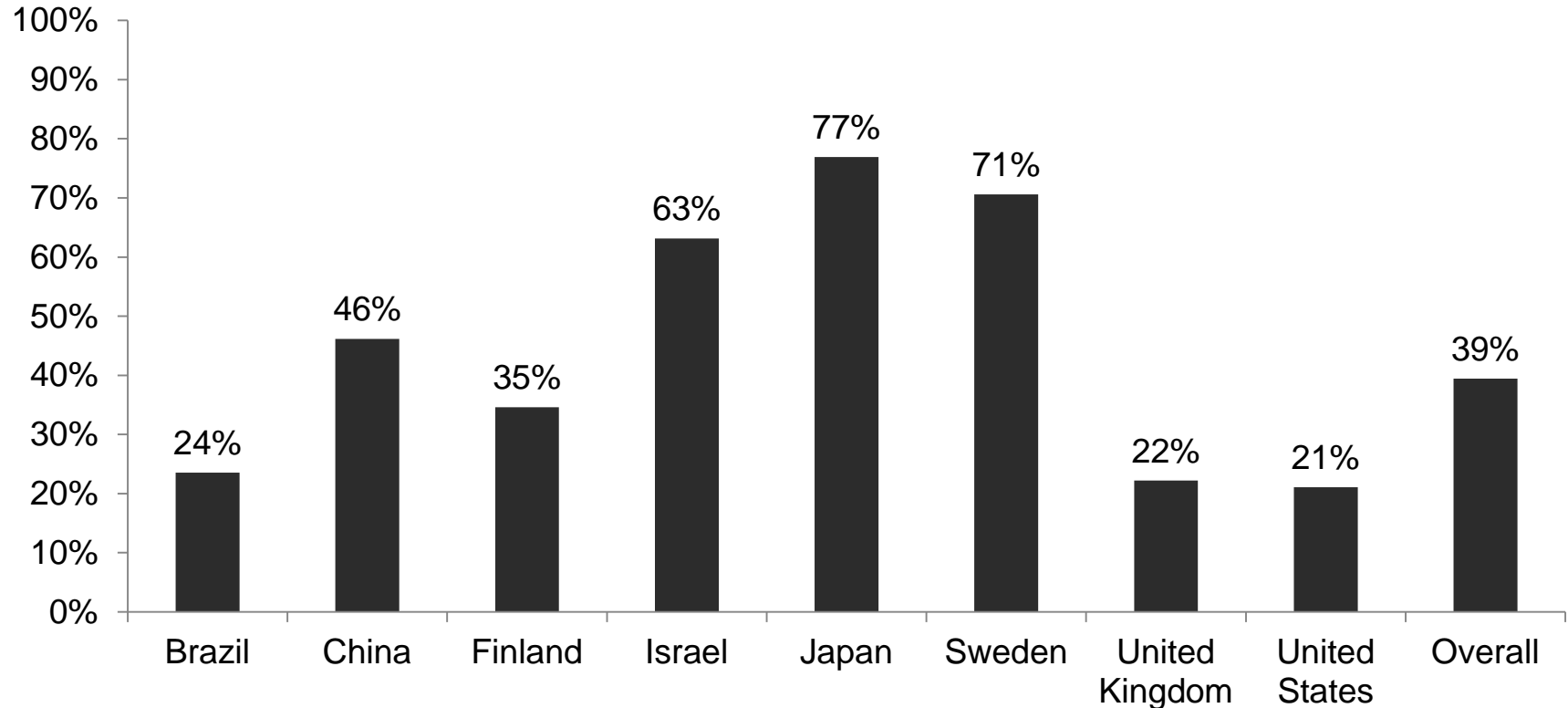
Non-U.S. vs. U.S. desire to see public policy leaders take on the following initiatives



Key finding: The U.S. prioritizes immigration reform while non-U.S. countries find tax incentives to be the highest priority.

Public policy (cont.)

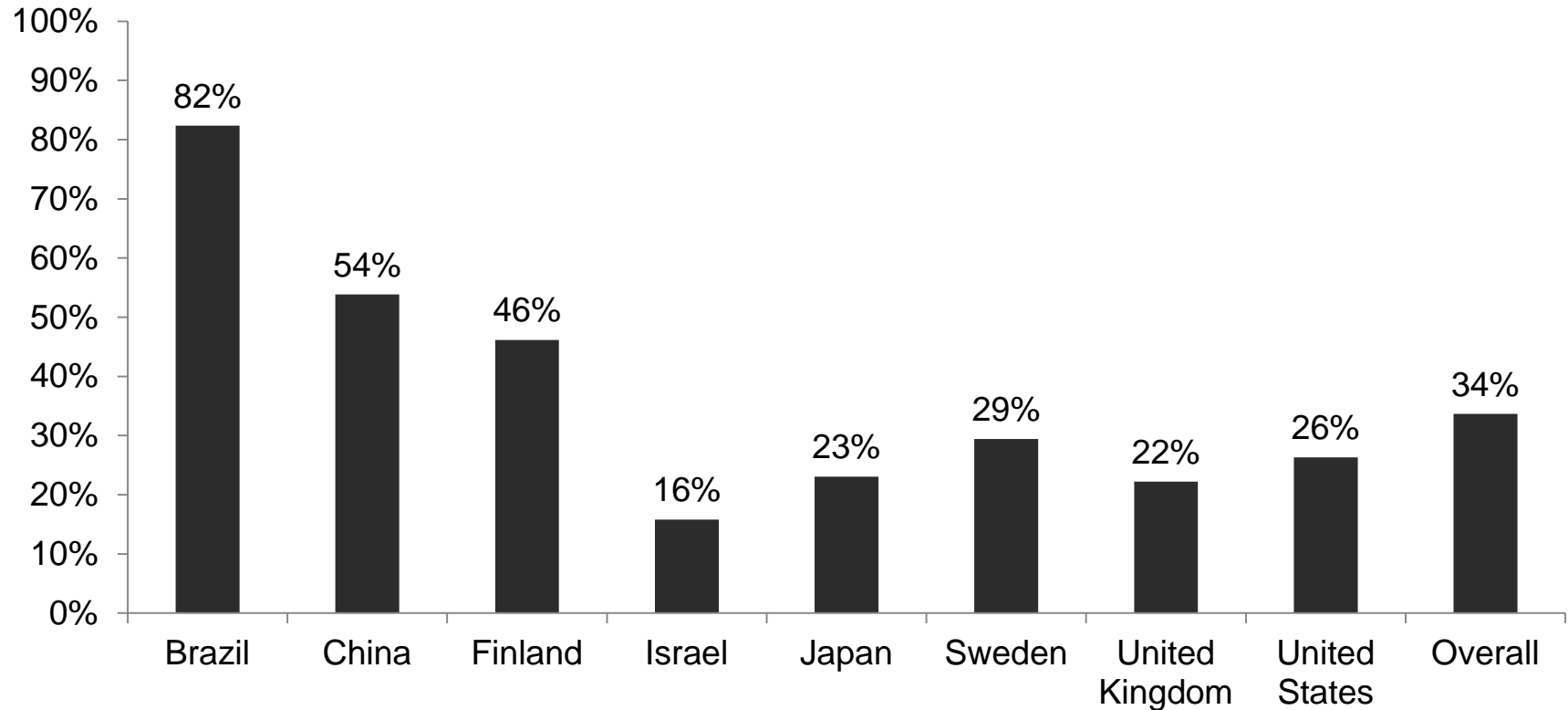
Desire to see public policy leaders take on the following initiative in my home country—tax incentives/credits



Key finding: Japan expressed the greatest desire for implementing tax incentives.

Public policy (cont.)

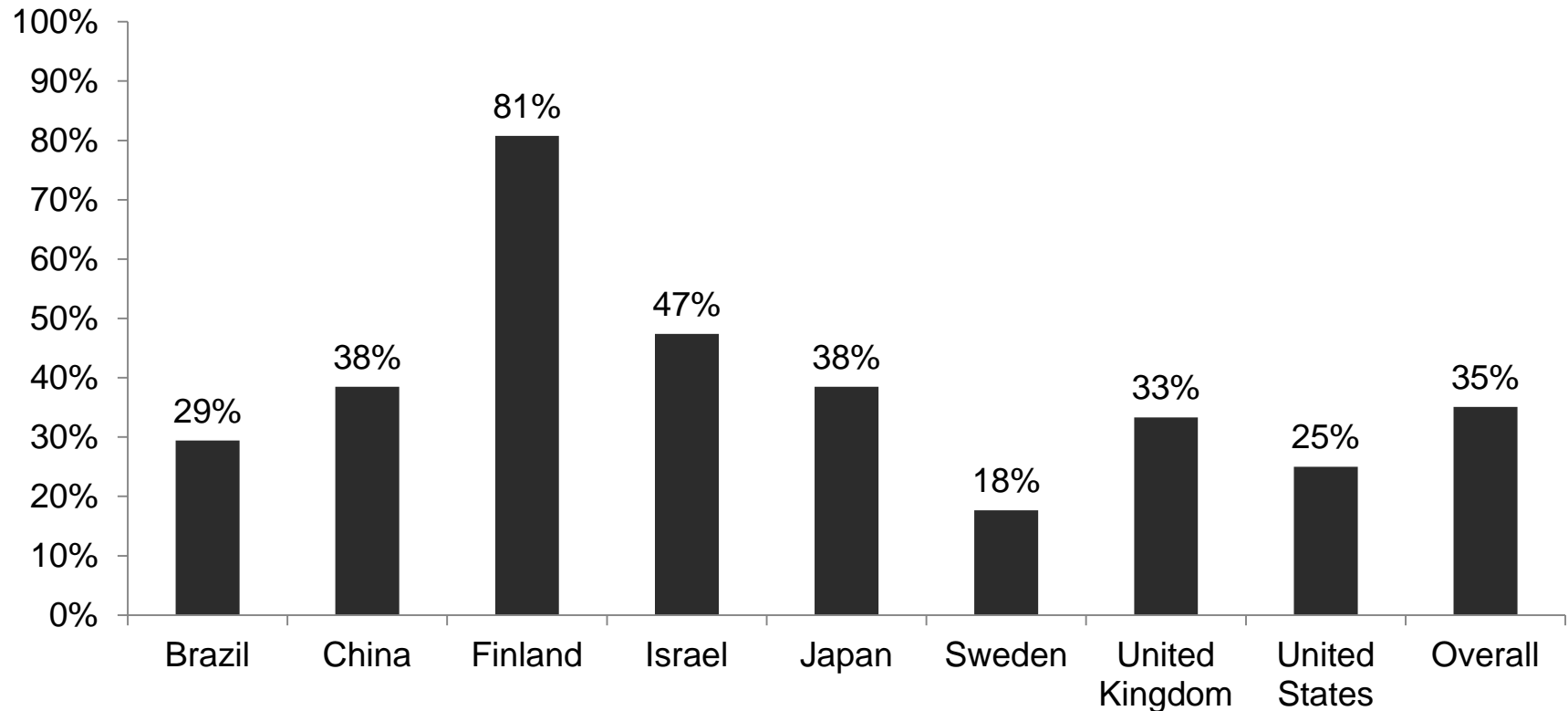
Desire to see public policy leaders take on the following initiative in my home country—lower taxes



Key finding: Brazil is the biggest supporter of lowering taxes.

Public policy (cont.)

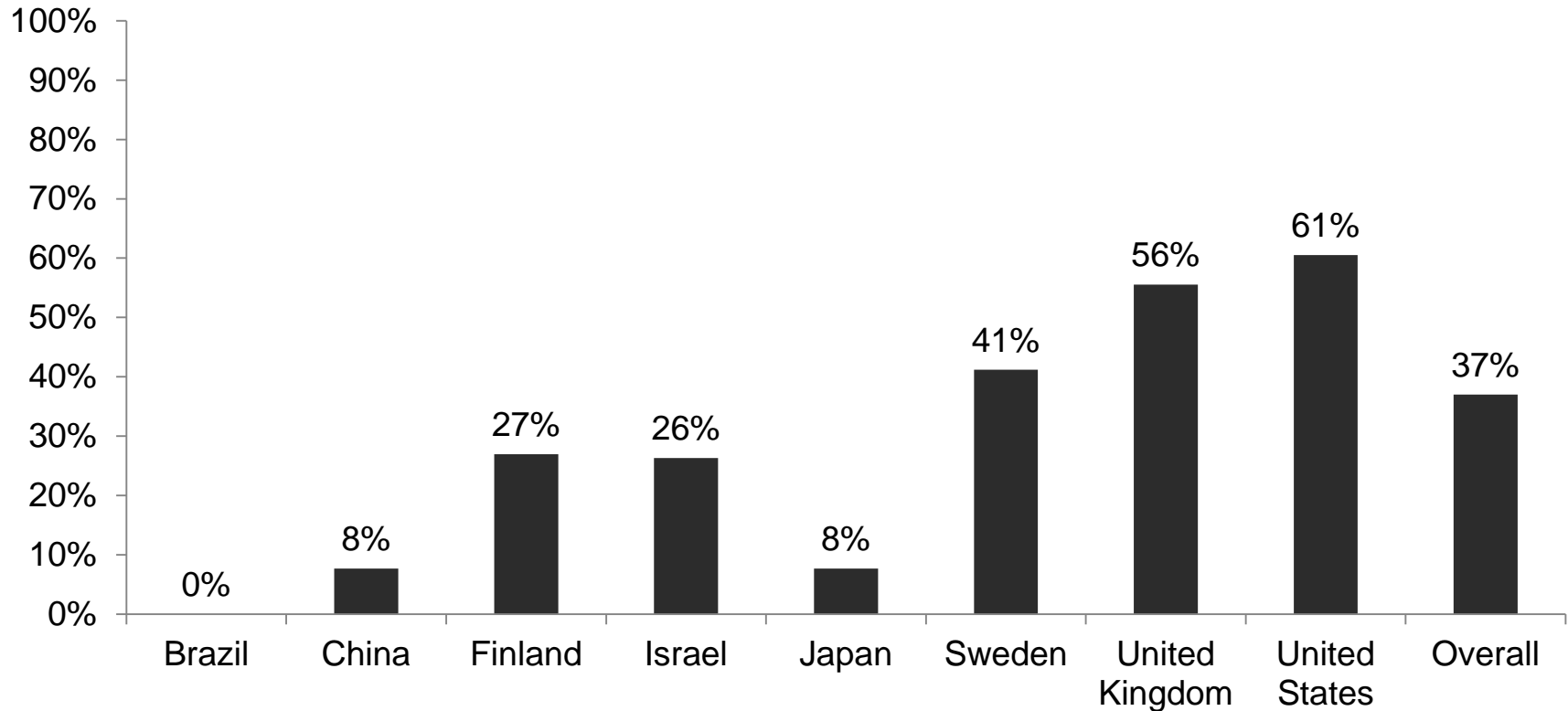
Desire to see public policy leaders take on the following initiative in my home country—job creation



Key finding: Job creation is of paramount importance in Finland.

Public policy (cont.)

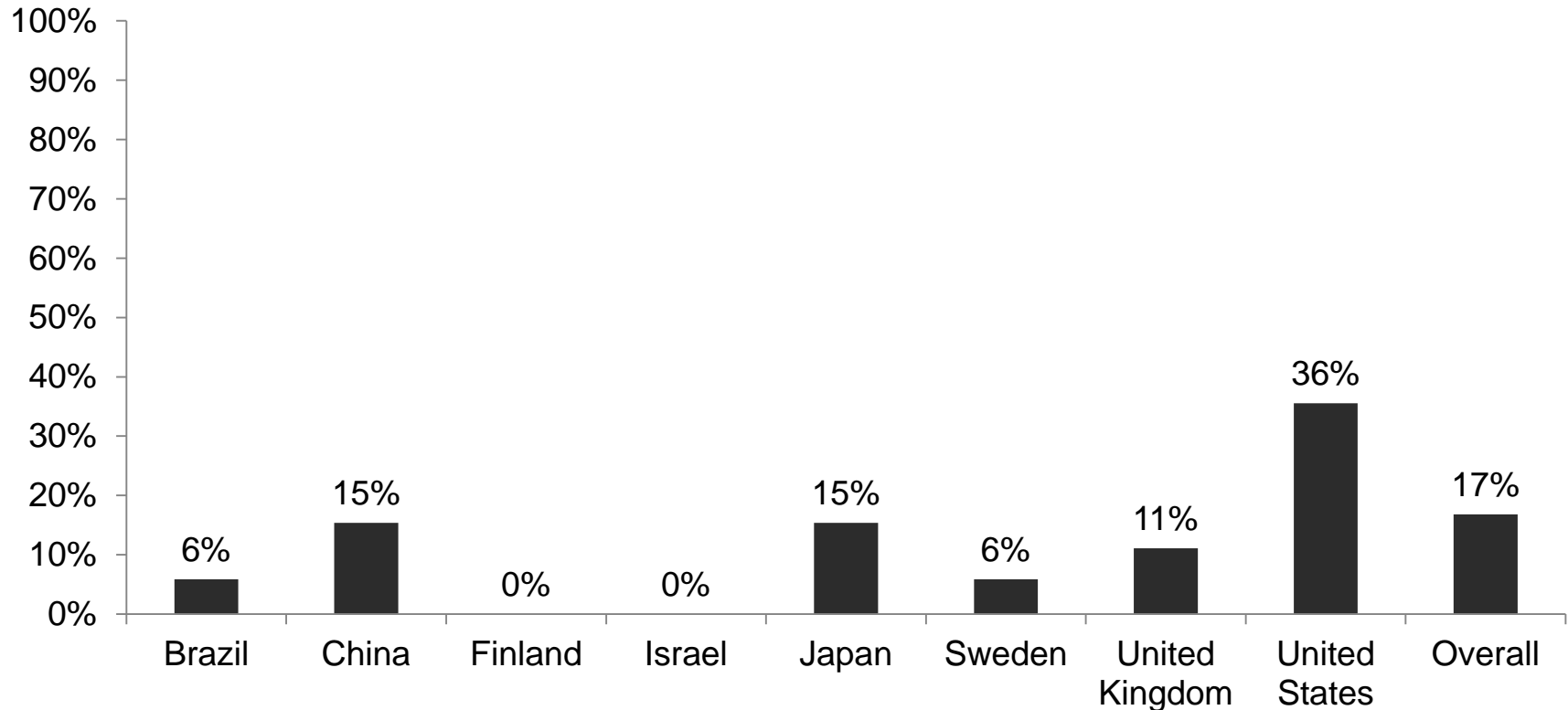
Desire to see public policy leaders take on the following initiative in my home country—immigration reform



Key finding: The United States considers immigration reform a huge priority.

Public policy (cont.)

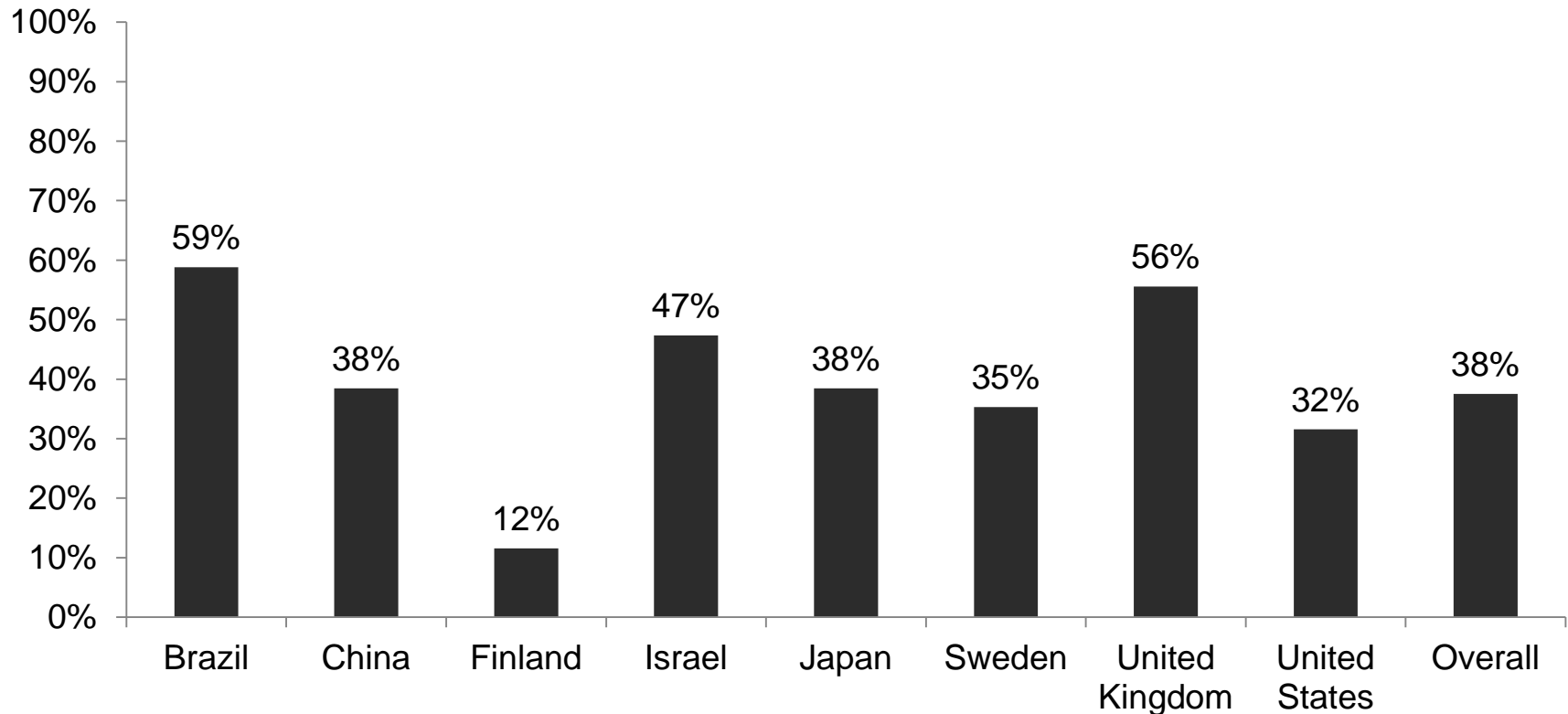
Desire to see public policy leaders take on the following initiative in my home country—patent demand reform



Key finding: The United States is the only country to express significant interest in patent demand reform.

Public policy (cont.)

Desire to see public policy leaders take on the following initiative in my home country—infrastructure

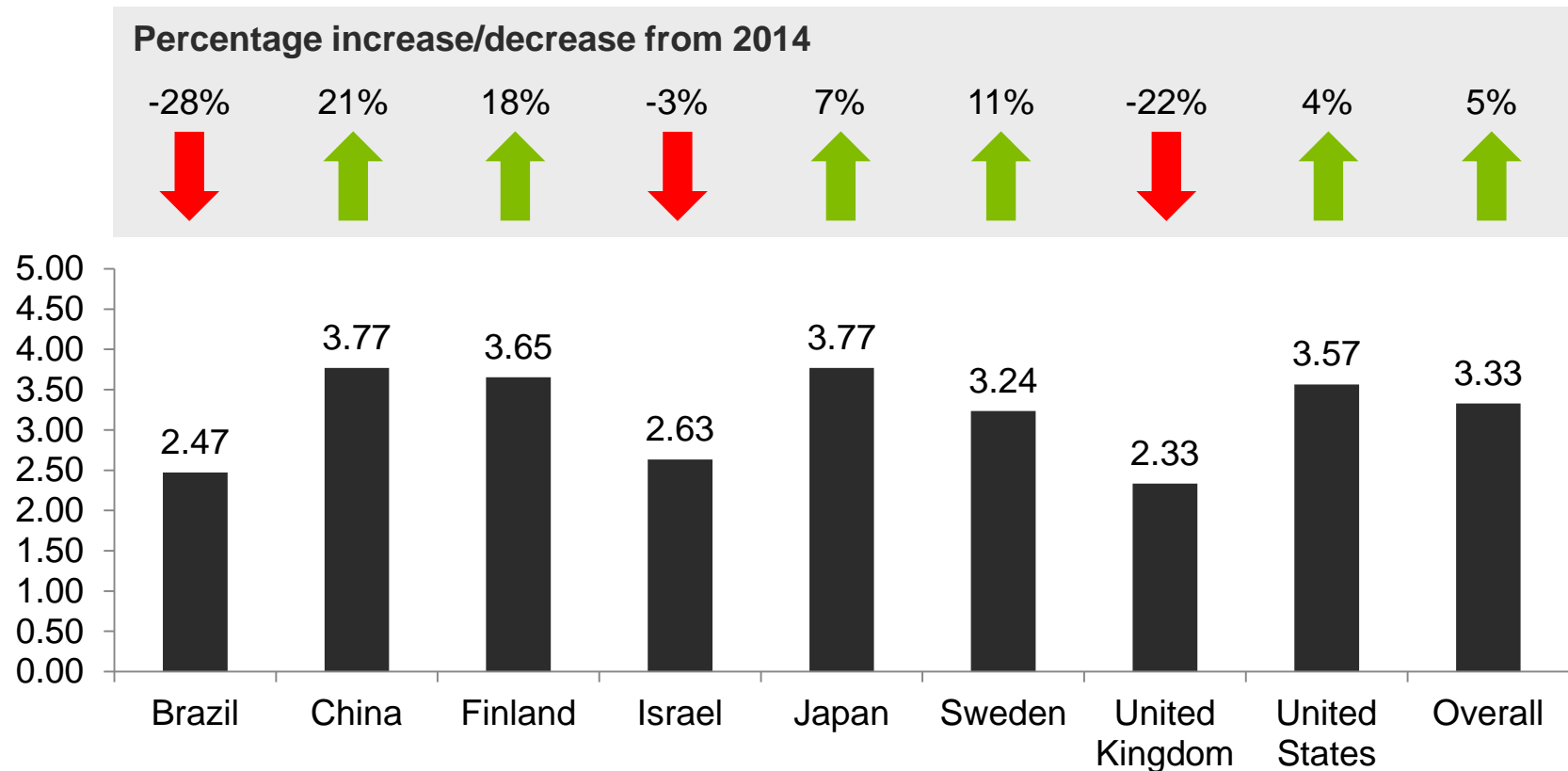


Key finding: Infrastructure initiatives seem to be a priority across the board.

Fundraising trends

Fundraising trends

Overall confidence in the ability of the industry in my home country to raise funds from domestic Limited Partners (LPs) in the next year

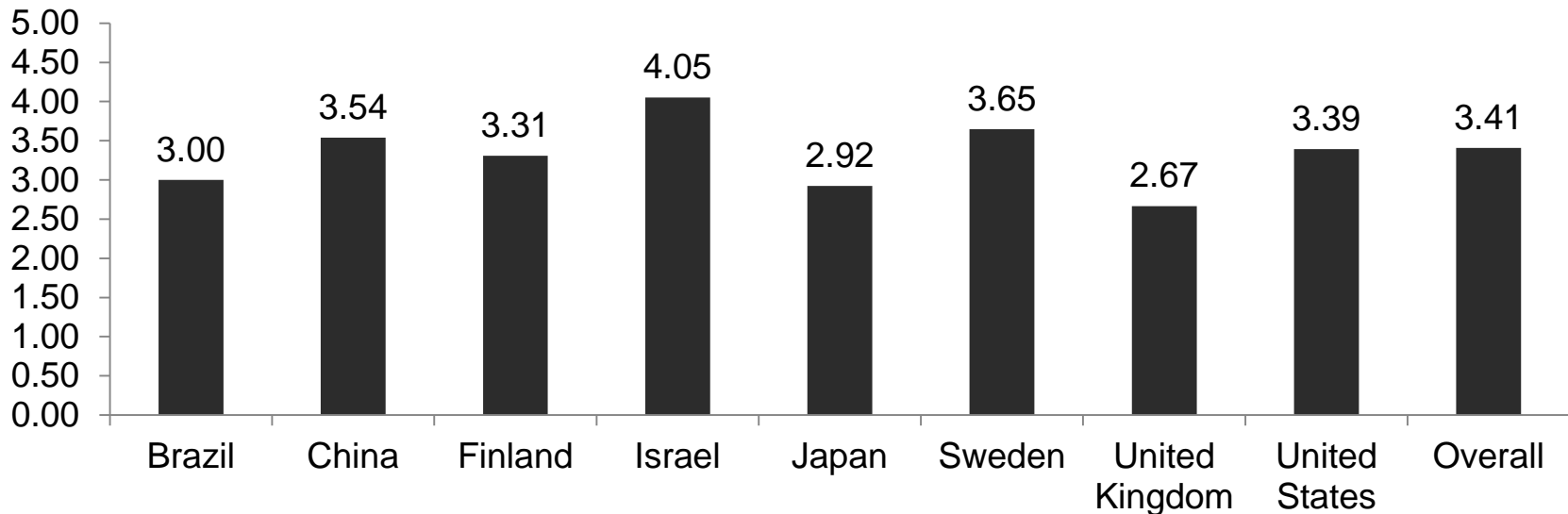


Key finding: Overall confidence in raising funds domestically is slightly above average.

Fundraising trends (cont.)

Overall confidence in the ability of the industry in my home country to raise necessary funds from LPs outside my home country in the next year

Percentage increase/decrease from 2014

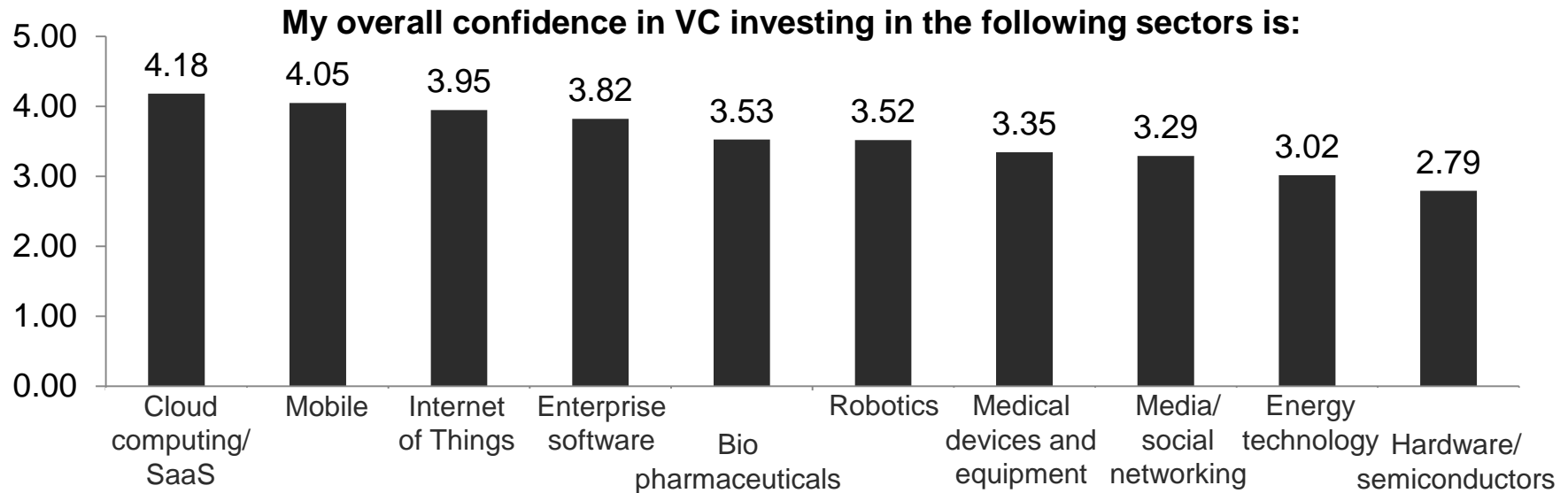
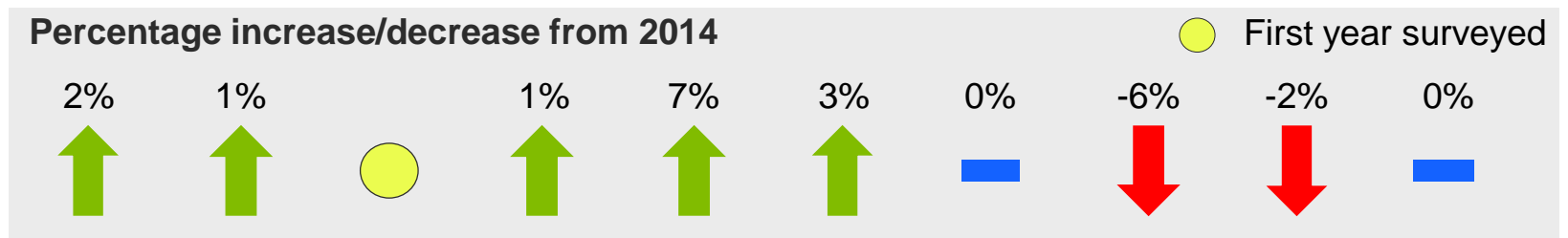


Key finding: Confidence in fundraising abroad is higher than at home (see previous slide).

Sector investing

Sector investing

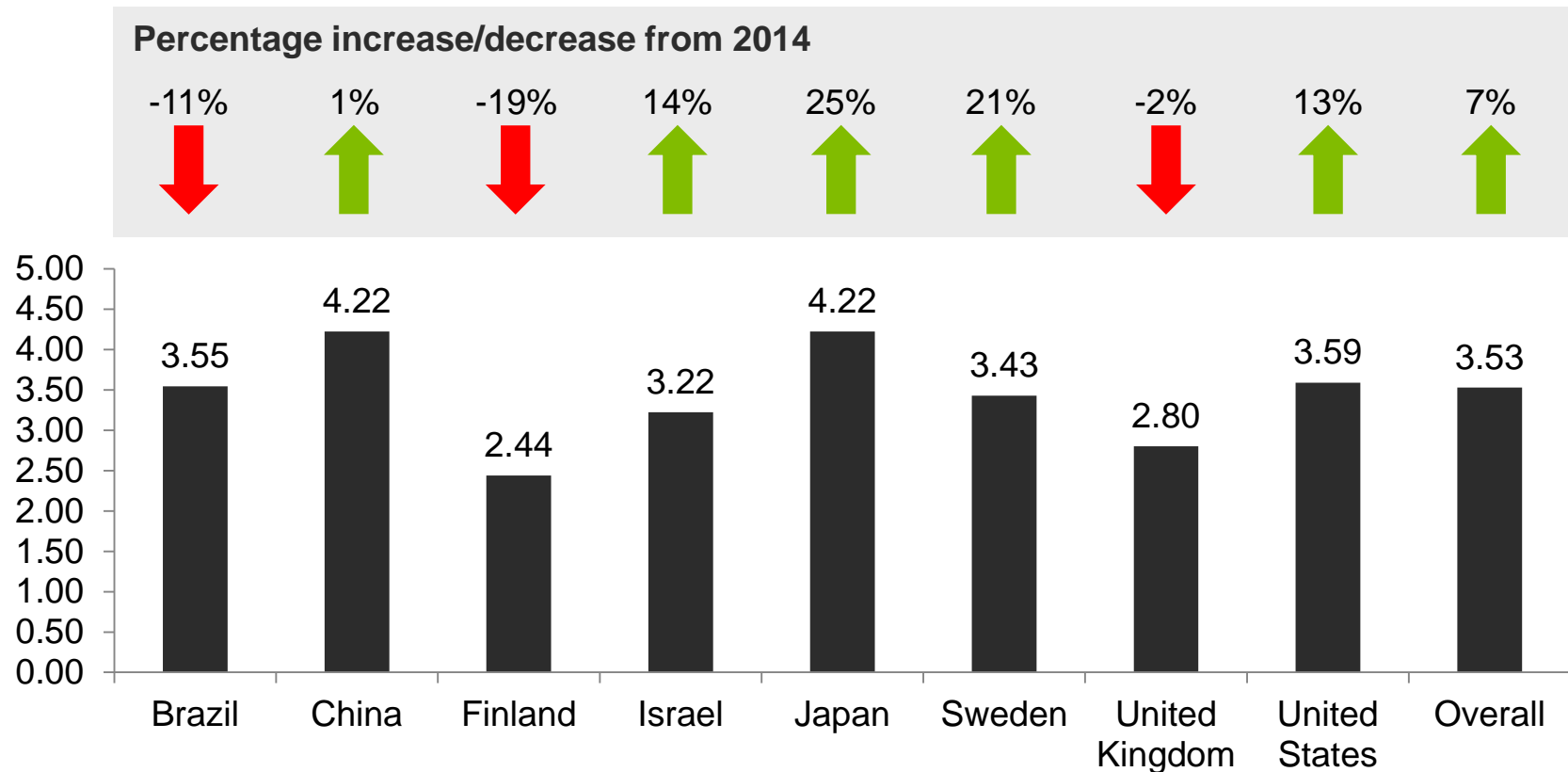
Overall confidence in Venture Capital (VC) investing by sector (all respondents)



Key finding: Biopharmaceuticals saw the greatest YoY increase in investor confidence, but cloud computing still remains at the top of the list.

Sector investing (cont.)

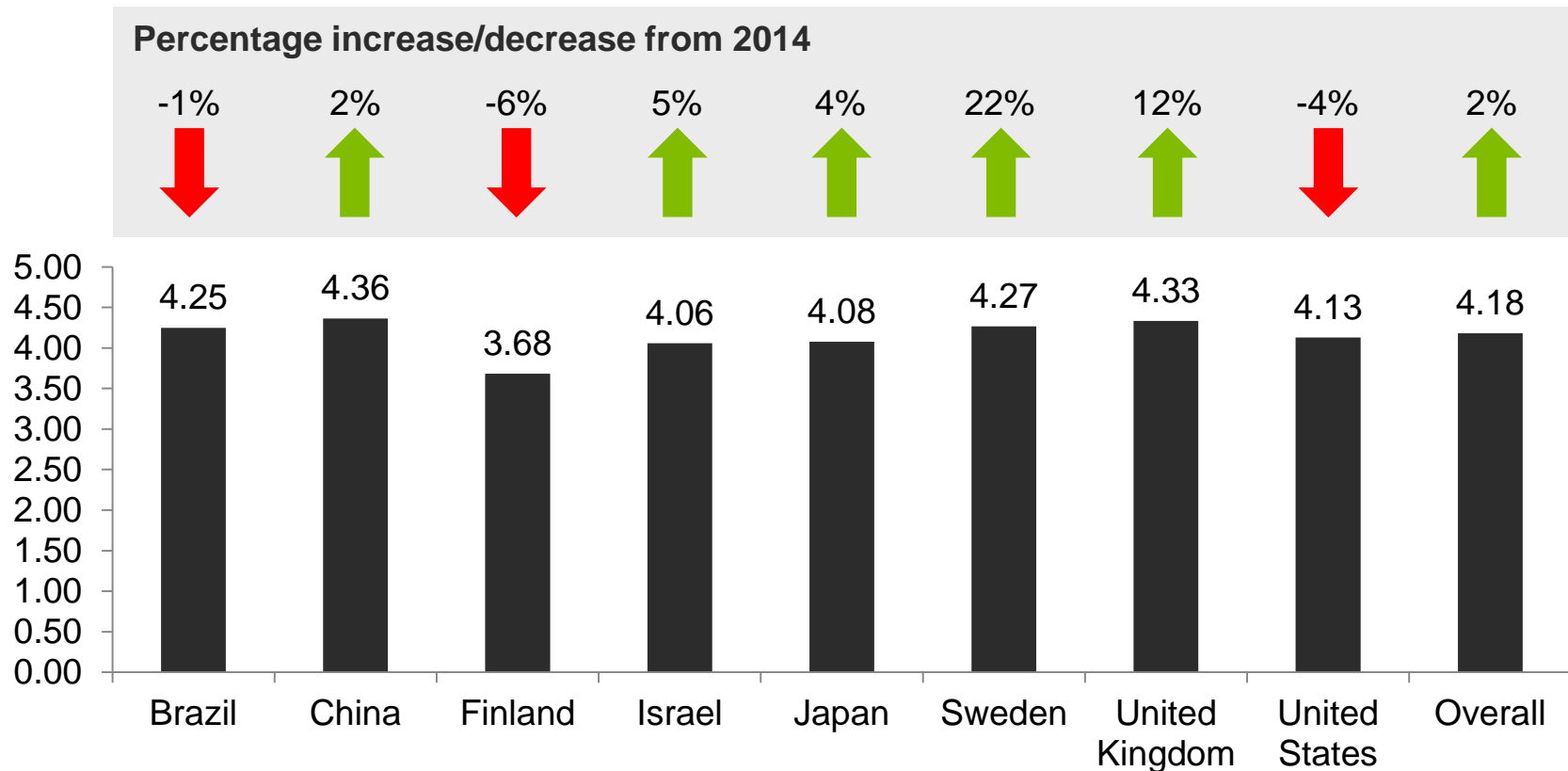
Overall confidence in VC investing in the biopharmaceutical sector



Key finding: The biopharma sector saw the greatest increase in confidence compared to other sectors.

Sector investing (cont.)

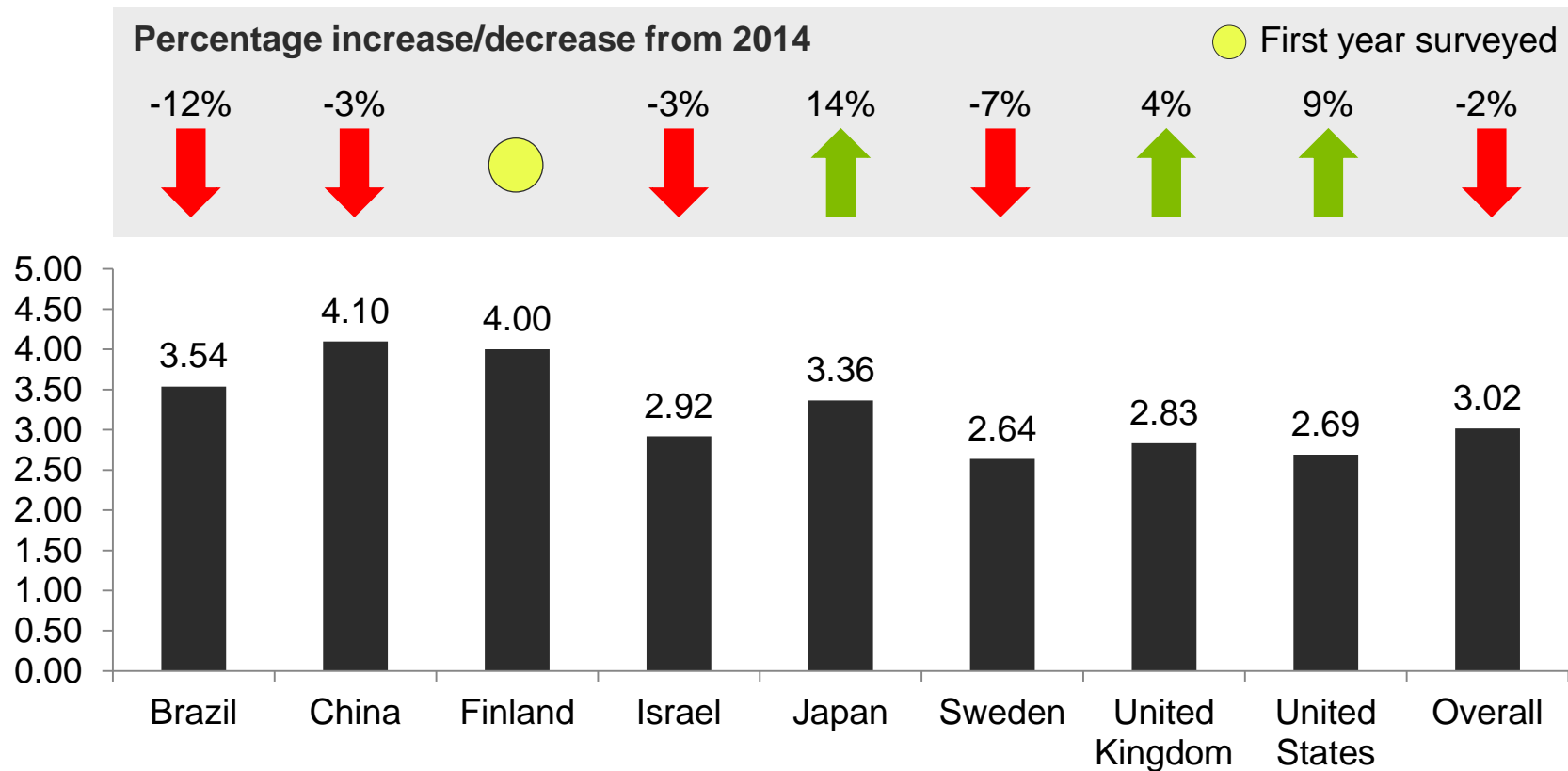
Overall confidence in VC investing in the cloud computing/SaaS sector



Key finding: VC confidence was highest in the cloud computing sector.

Sector investing (cont.)

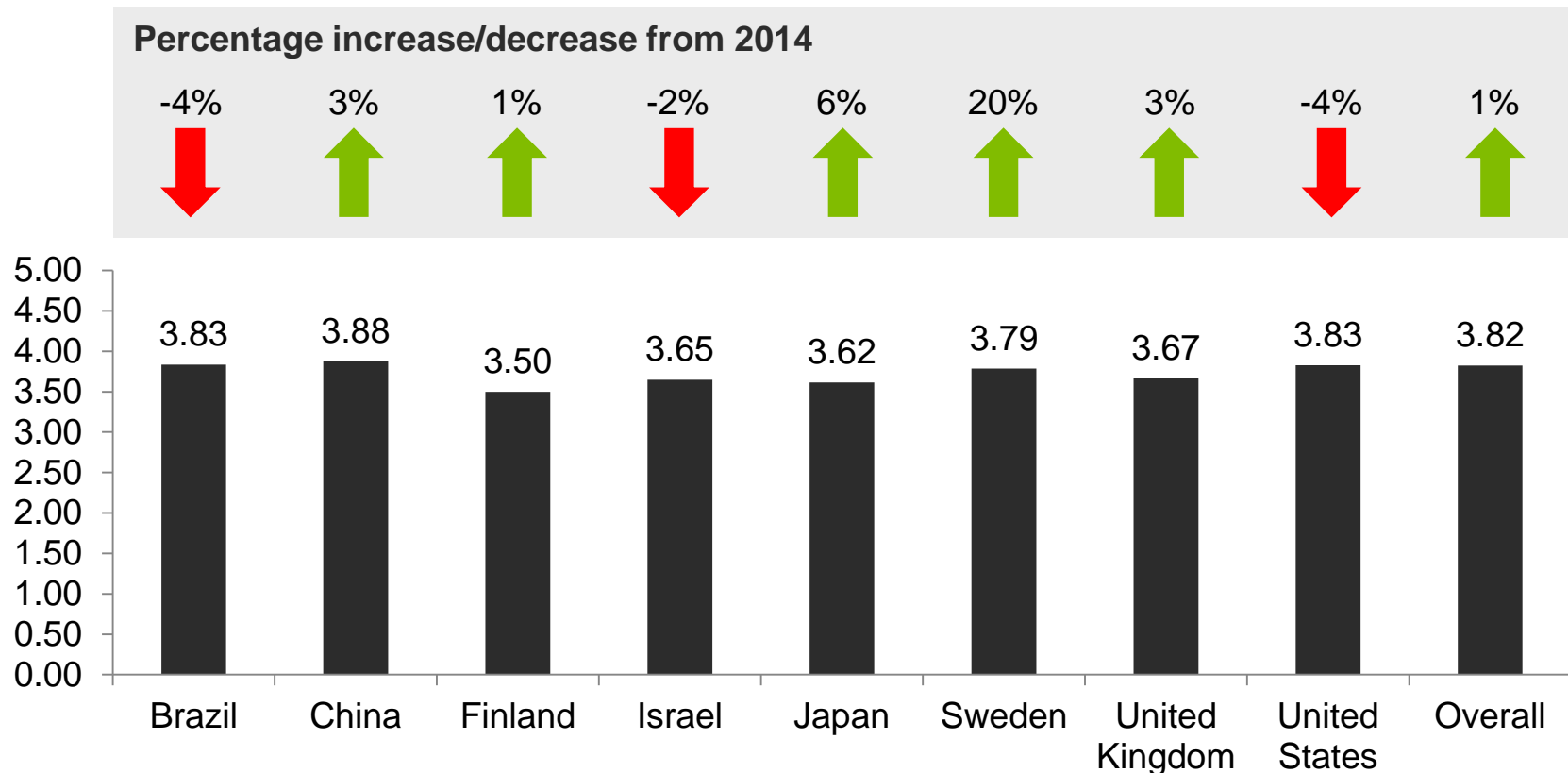
Overall confidence in VC investing in the energy technology sector



Key finding: Confidence remains flat for energy technology.

Sector investing (cont.)

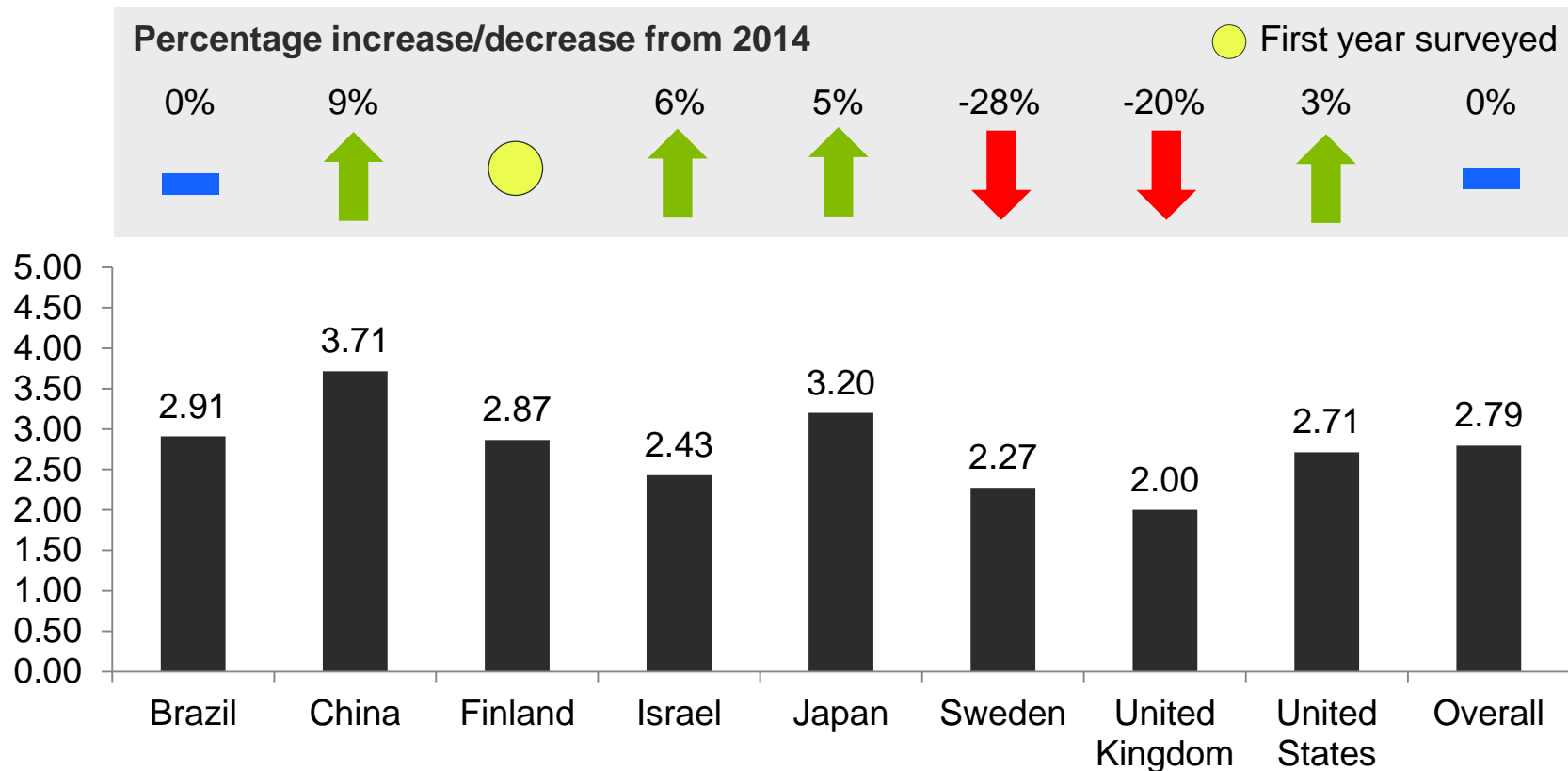
Overall confidence in VC investing in the enterprise software sector



Key finding: Confidence ratings were high in all countries.

Sector investing (cont.)

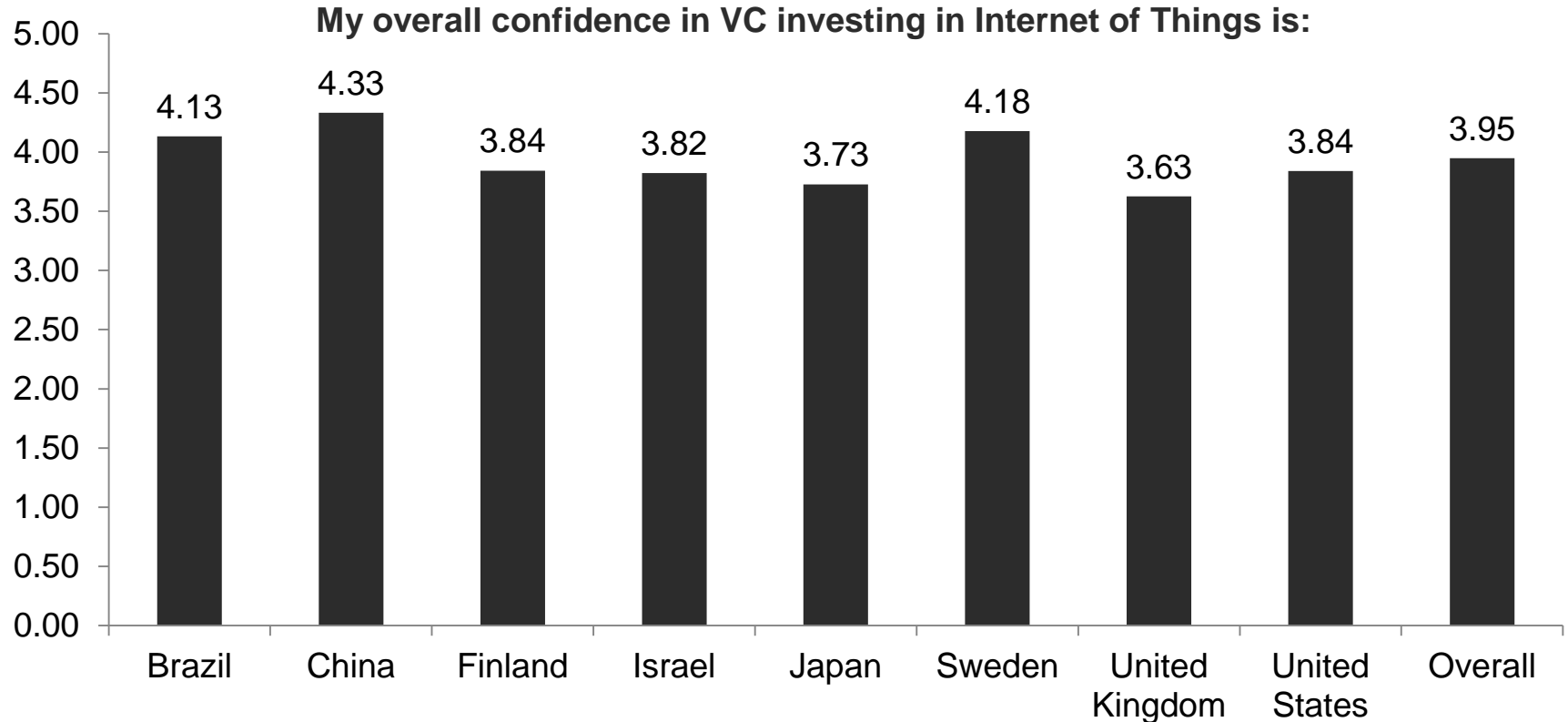
Overall confidence in VC investing in hardware/semiconductors



Key finding: This sector received the lowest confidence rating.

Sector investing (cont.)

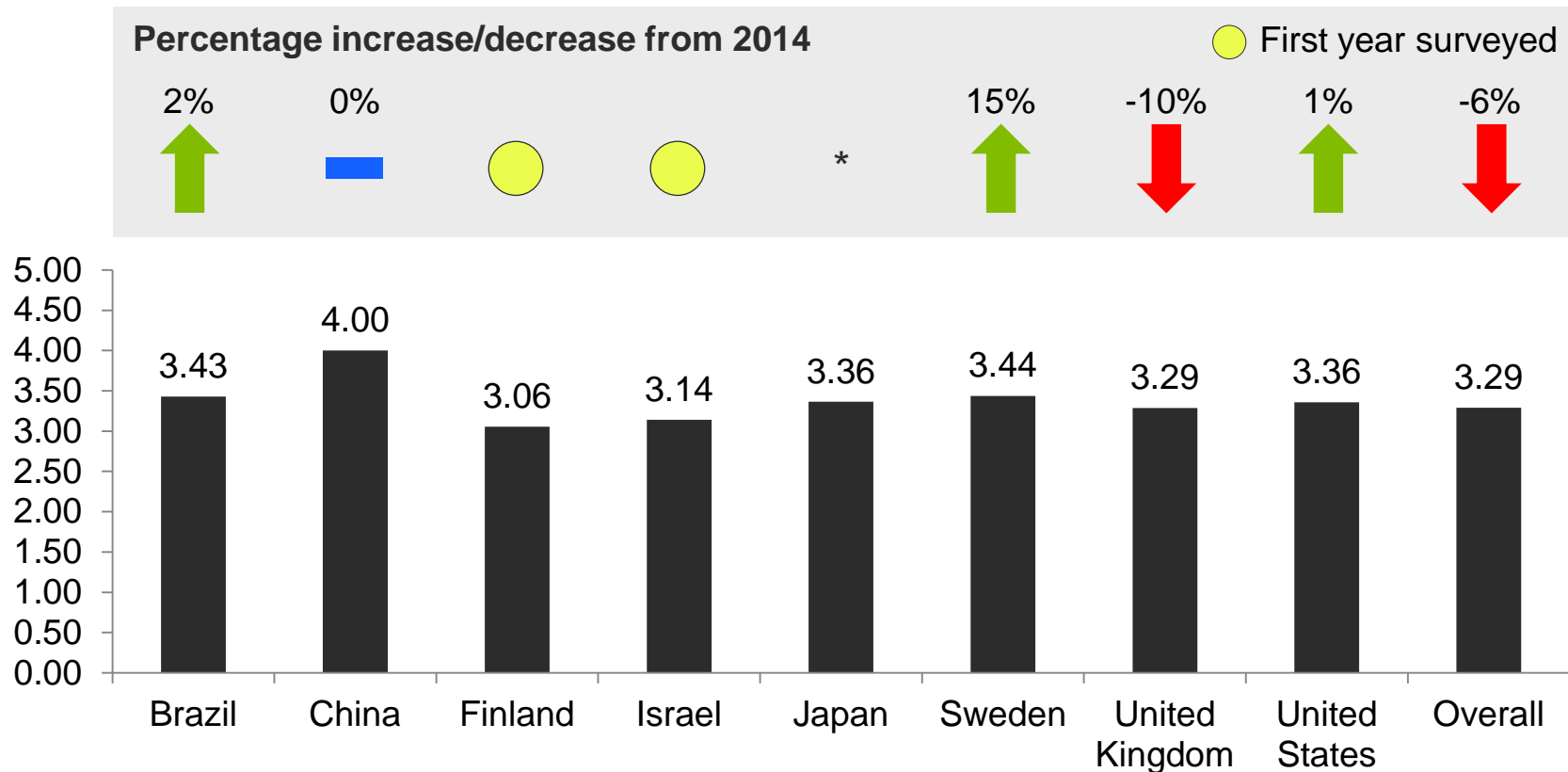
Overall confidence in VC investing in the Internet of Things sector



Key finding: Across the board, countries are confident in investing in IoT.

Sector investing (cont.)

Overall confidence in VC investing in the media/social networking sector



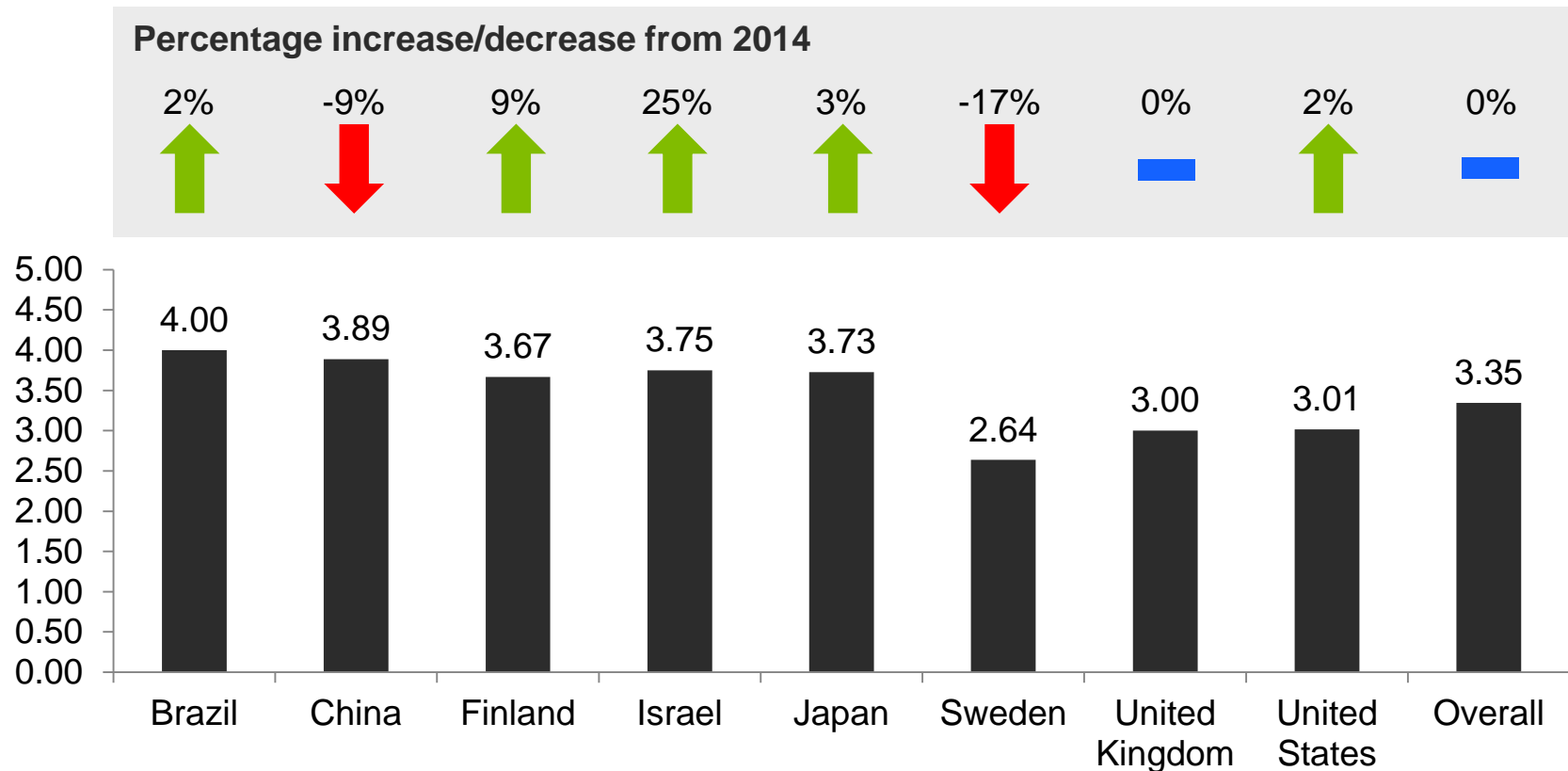
Key finding: Confidence is above average.

*YoY data unavailable

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Sector investing (cont.)

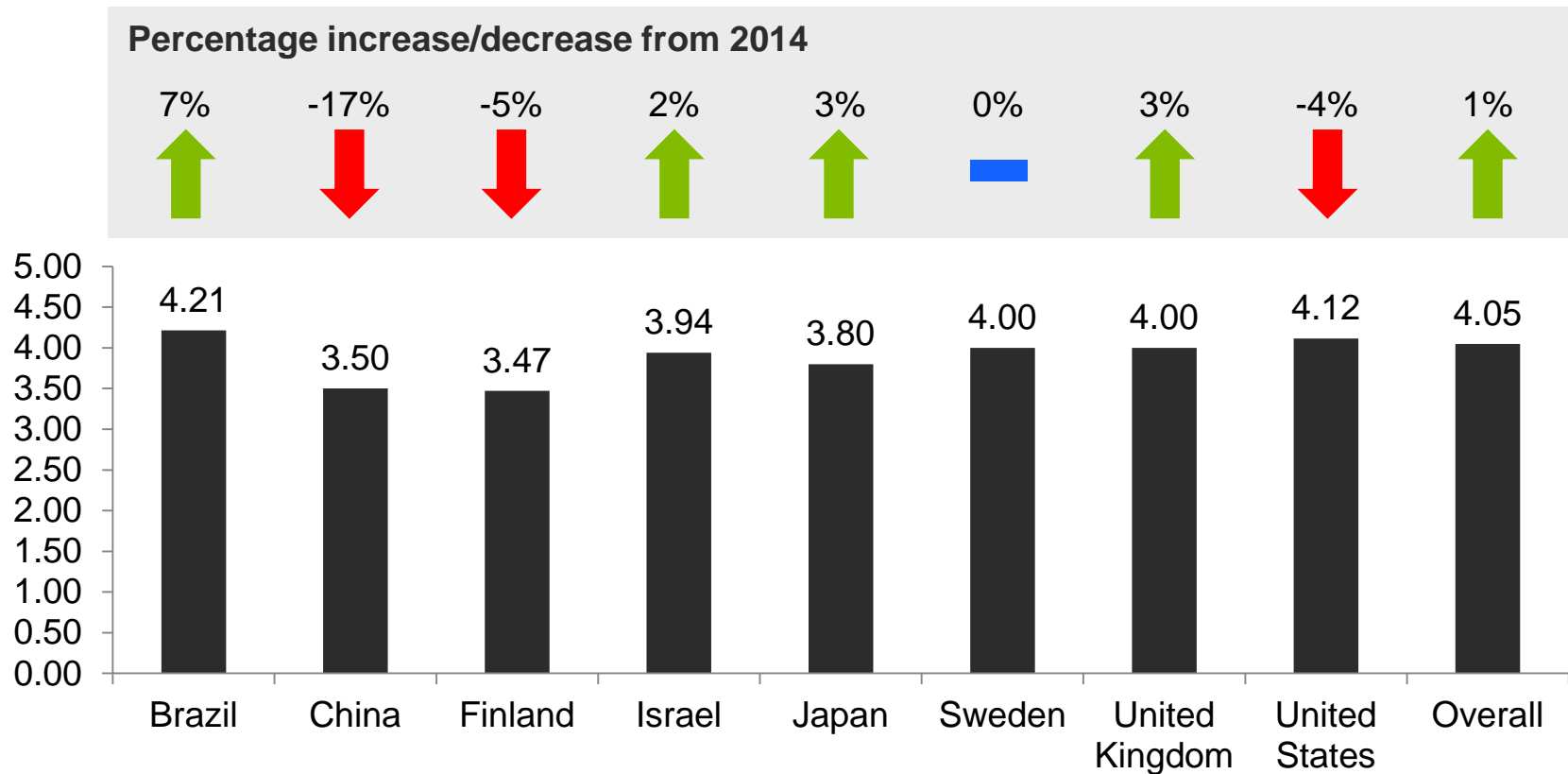
Overall confidence in VC investing in the medical devices and equipment sector



Key finding: Overall confidence remains flat.

Sector investing (cont.)

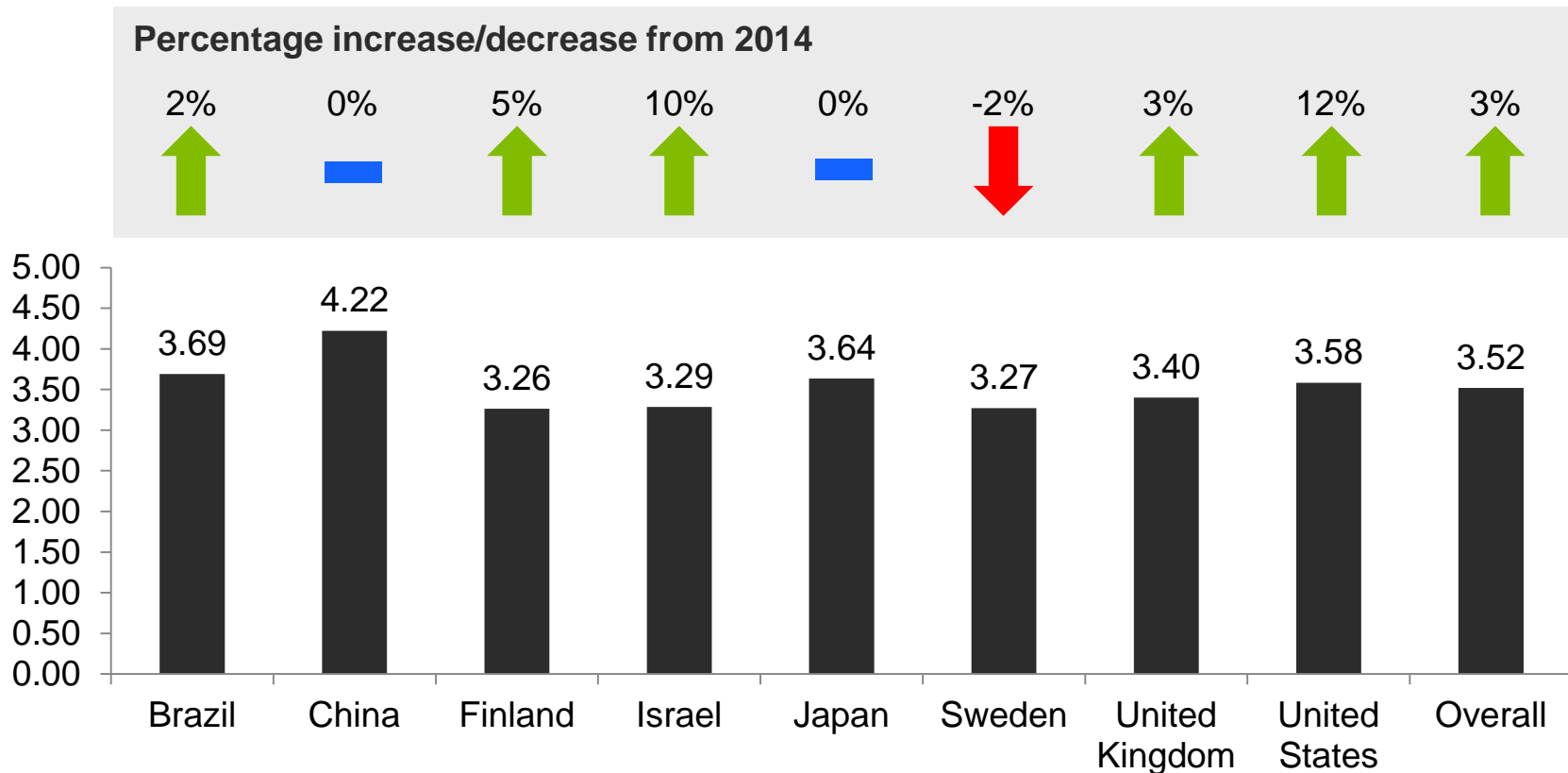
Overall confidence in VC investing in the mobile sector



Key finding: All countries exhibit confidence in investing in mobile, as expected for the sector with the second highest rating.

Sector investing (cont.)

Overall confidence in VC investing in the Robotics sector



Key finding: Investors were optimistic about robotics.

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About NVCA

Venture capitalists are committed to funding America's most innovative entrepreneurs, working closely with them to transform breakthrough ideas into emerging growth companies that drive U.S. job creation and economic growth. As the voice of the U.S. venture capital community, the National Venture Capital Association (NVCA) empowers its members and the entrepreneurs they fund by advocating for policies that encourage innovation and reward long-term investment. As the venture community's preeminent trade association, NVCA serves as the definitive resource for venture capital data and unites nearly 400 members through a full range of professional services. For more information about the NVCA, please visit www.nvca.org.

About Deloitte's Emerging Growth Company (EGC) practice

Deloitte's emerging growth company practice works with innovative high-growth companies on their way to becoming the next generation of market leaders. Through our multidisciplinary approach focused on quality, our team of dedicated professionals understands the challenges that venture capital-backed companies face and offers a broad perspective on emerging issues, leading practices and industry trends. Our extensive IPO experience, across all industries, along with our experienced professionals, enables us to deliver insights that others may have missed. The practice is also home to Tech Venture Centers (TVC) in Waltham, MA and McLean, VA. The Centers are designed to create communities of leading service providers, addressing the needs of emerging, high-growth IPO bound companies and the venture capital community. For more information, please contact EGC@deloitte.com or visit www.deloitte.com/us/egc.

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