

Deloitte, National Venture Capital Association Global Confidence Survey Shows Pockets of Optimism Prevail Amidst Mixed Outlook

Investors most confident in Brazil and IT sub-sectors; favor home markets overall

NEW YORK, July 16, 2012 – Global venture capitalists see pockets of optimism in the current venture capital environment, according to the 2012 Global Venture Capital Confidence Survey from Deloitte and the National Venture Capital Association. In particular, investors favor emerging geographies such as Brazil, and innovative information technology (IT) sub-sectors such as cloud computing and social media. The survey also indicates room for considerable improvement in overall global venture capital confidence levels, particularly when it comes to externalities impacting the industry.

More than 440 venture capital, private equity and growth equity investors in the Americas, Europe, Asia Pacific and Israel professed their confidence levels on a variety of aspects impacting the global venture capital environment including investments in geographies, industry sectors and market factors shaping the industry. Their confidence levels were measured on a scale of 1-to-5 (with 5 representing the highest).

Overall, respondents expressed average to low confidence levels regarding external forces impacting their businesses such as the economy, capital markets, public policy making activities and fundraising environments. However, investors' confidence levels are higher when considering investment opportunities, and particularly toward investing domestically versus abroad.

"By their very nature venture capitalists are an optimistic group, but economic uncertainty and other challenging externalities have tested the mettle of the industry in the past year," said Mark Heesen, president of the National Venture Capital Association. "Despite the ongoing market concerns exhibited in the survey, the opportunistic nature of the industry remains clear. Venture capitalists are nimble and can quickly move to where the most promising entrepreneurs, policies and innovations exist. This reality guarantees a globally competitive market for capital and reaffirms the mandate for governments to enact policies that attract investors and innovators to their shores."

Jim Atwell, recently named national managing partner of Deloitte & Touche LLP's Emerging Growth Company Practice adds, "We are starting to see some positive signs that the global economy is beginning to rebound from where it was two years ago. Venture capitalists are already starting to become more confident within their home countries. And, with significant opportunities ahead in fast growing IT sectors like cloud computing and social media, investors are further demonstrating the optimism about certain investment opportunities."

Investor confidence is highest domestically (3.26) versus globally (2.72). Investor confidence levels are similar around the capital markets (3.23 domestically versus 2.80 globally) and investing (3.52 domestically versus 2.99 globally). The exception to the trend is in the area of fundraising, where investors exhibited more confidence in their ability to raise funds from foreign limited partners (2.55 domestically compared with 2.91 globally).

Highest confidence levels in a home country's economy are for Brazil (4.08), Germany (3.95) and Israel (3.53). In contrast, lowest confidence levels are in the U.K (2.61), Taiwan (2.74) and Japan (3.07). In the United States, confidence was close to the global average (3.12). When asked about the confidence level in the home country's macro economy compared to two years ago, the U.S. respondents rated confidence at 3.79. Furthermore, U.S. respondents had a 3.69 confidence rating venture capital investment domestically in the next year.

Although respondents are confident investing domestically, the survey shows investors remain cautious regarding confidence in their home government's ability to enact policies that support investments in the coming year, with an average confidence level of 2.64. Investors with the highest confidence toward their home country's policy making activities are Brazil (3.58), Canada (3.30), and the Netherlands and Israel (both at 3.00). Lowest domestic confidence levels in policy making to support investments are in India (1.89), Australia (2.00) and Japan (2.26).

Within their own markets there were a number of sectors where respondents were most confident investing. Predominantly from IT, sectors included cloud computing (3.92), software (3.80), new media/social networking (3.72) and healthcare IT (3.70). The U.S. showed slightly more confidence when compared to all respondents in these sectors: cloud computing (4.02), software (3.98), new media/social networking (3.74) and healthcare IT (3.73). Overall, the sectors with the lowest confidence levels were in semiconductors (2.52), telecom (2.92), clean technology (3.07) and biotech (3.08).

While venture capital industry sectors with higher confidence levels were consistently high across all countries, sectors with lower confidence levels demonstrated some disparity. Confidence levels for clean technology investing ranged from a low in the U.S. (2.29) to a high in Brazil (4.38). The same held true in biopharmaceuticals (2.09 in Germany to 4.43 in Brazil) and medical devices (2.40 in Canada versus 4.00 in China).

For more information and the full 2012 Global Venture Capital Survey please visit:

www.deloitte.com/us/2012vcsurvey.

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. According to a 2011 Global Insight study, venture-backed companies accounted for nearly 12 million jobs and \$3.1 trillion in revenues in the United States in 2010. 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 its 400 plus 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 Deloitte's Digital Media Center in New York City and out Tech Venture Centers (TVC) in Waltham and McLean. 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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