

PricewaterhouseCoopers
National Venture Capital Association

MoneyTree™ Report

Q1 2014

Data provided by Thomson Reuters

Technology Institute

May 2014

The Q1 2014 MoneyTree™ results are in! This special report provides summary results of Q1 2013, Q4 2013 and Q1 2014. More detailed results can be found on the MoneyTree™ Report website at www.pwcmoneytree.com

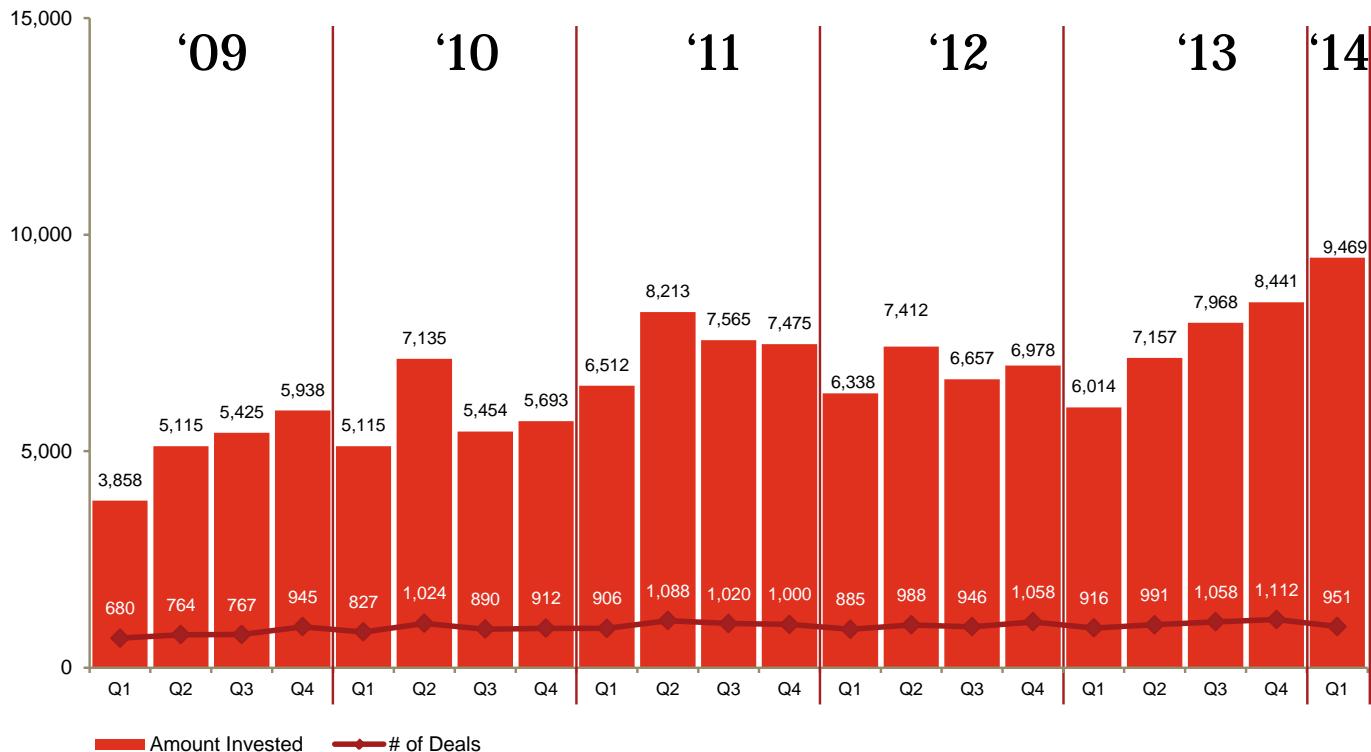


Total equity investments into venture-backed companies

Venture capitalists invested \$9.5 billion in 951 deals in the first quarter of 2014, according to the MoneyTree™ Report from PricewaterhouseCoopers LLP (PwC) and the National Venture Capital Association (NVCA), based on data provided by Thomson Reuters. Quarterly venture

capital (VC) investment activity rose 12 percent in terms of dollars but fell 14 percent in the number of deals, compared to the fourth quarter of 2013 when \$8.4 billion was invested in 1,112 deals.

(\$ in millions)
All results rounded



Investments by industry

Q1 2013, Q4 2013, and Q1 2014

The Software industry received the highest level of funding of all industries, rising 39 percent from the prior quarter to \$4.0 billion invested during the first quarter of 2014. The Software industry also counted the most deals in Q1 at 414, approximately the same level seen in the prior quarter when 409 rounds were completed.

The Biotechnology industry was the second largest sector for dollars invested with \$1.1 billion going into 112 deals, falling 23 percent in dollars and 21 percent in deals from the prior quarter. The Medical Devices and Equipment industry also experienced a decline in volume, dropping 37 percent to 61 deals in Q1, while the dollars invested rose 28 percent to \$588 million. Overall, investments in Q1 in the Life Sciences sector (Biotechnology and Medical Devices combined) fell 10 percent in dollars and 28 percent in deals when compared to Q4 2013.

The IT Services industry captured the third largest total in Q1 with \$816 million flowing into 59 deals. This represented a 33 percent increase in dollars invested

compared to the prior quarter and can be primarily attributed to the largest deal of the quarter, a \$325 million investment, going to a company in the IT services industry.

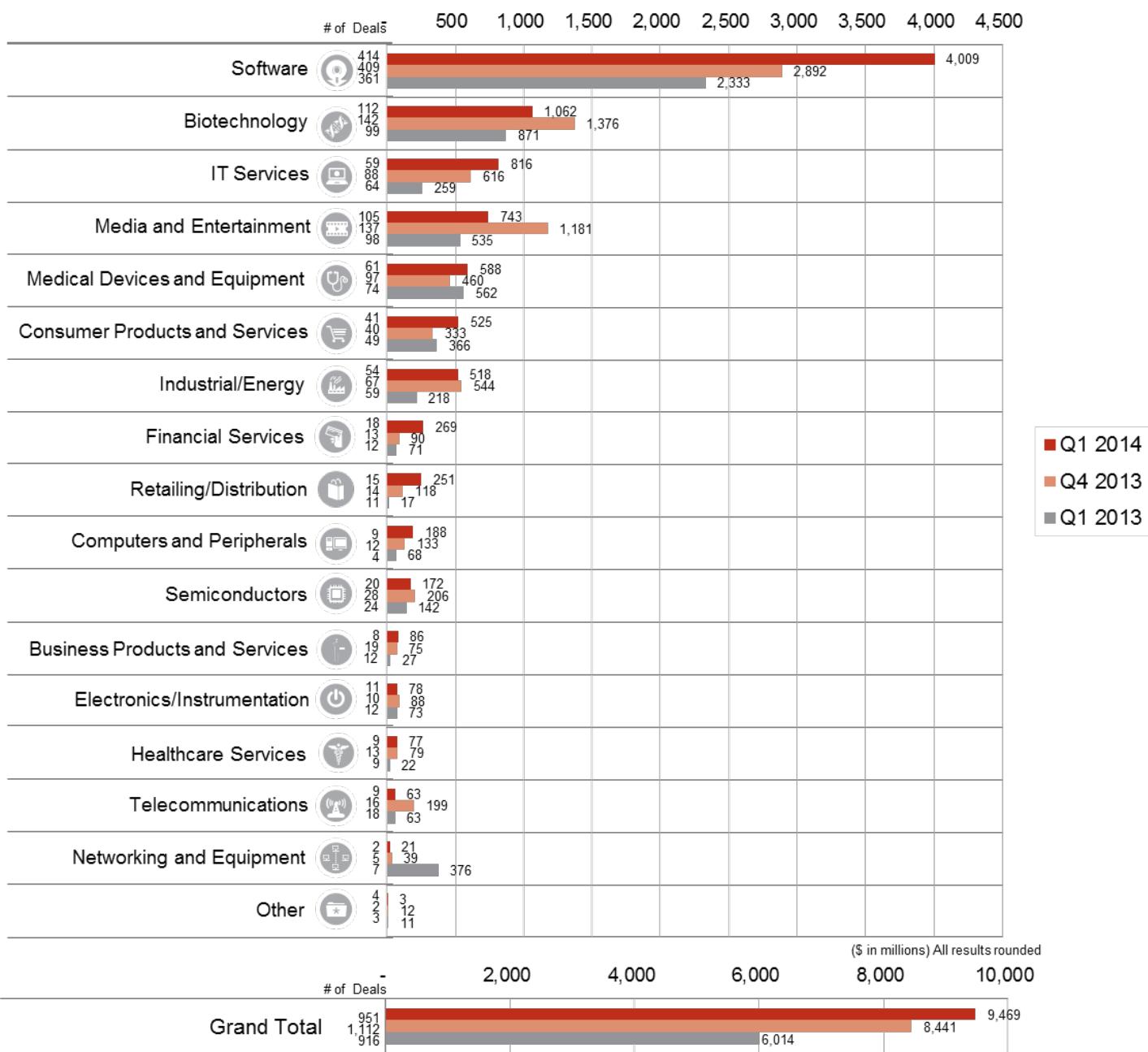
Nine of the 17 MoneyTree™ industries experienced decreases in dollars invested in the first quarter, including Telecommunications (68 percent decrease), Networking & Equipment (47 percent decrease), and Semiconductors (17 percent decrease).

Venture capitalists invested \$2.3 billion into 219 Internet-specific companies during the first quarter of 2014. This investment level is 5 percent lower in dollars and 20 percent lower in deals than the fourth quarter of 2013 when \$2.4 billion went into 273 deals. Four of the top ten deals for the quarter were in the Internet-specific category. 'Internet-Specific' is a discrete classification assigned to a company with a business model that is fundamentally dependent on the Internet, regardless of the company's primary industry category.

Investments by industry

Q1 2013, Q4 2013, and Q1 2014

(\$ in millions) All results rounded



Definitions of the Industry categories can be found on the MoneyTree™ website at www.pwcmoneytree.com

Investments by stage of development

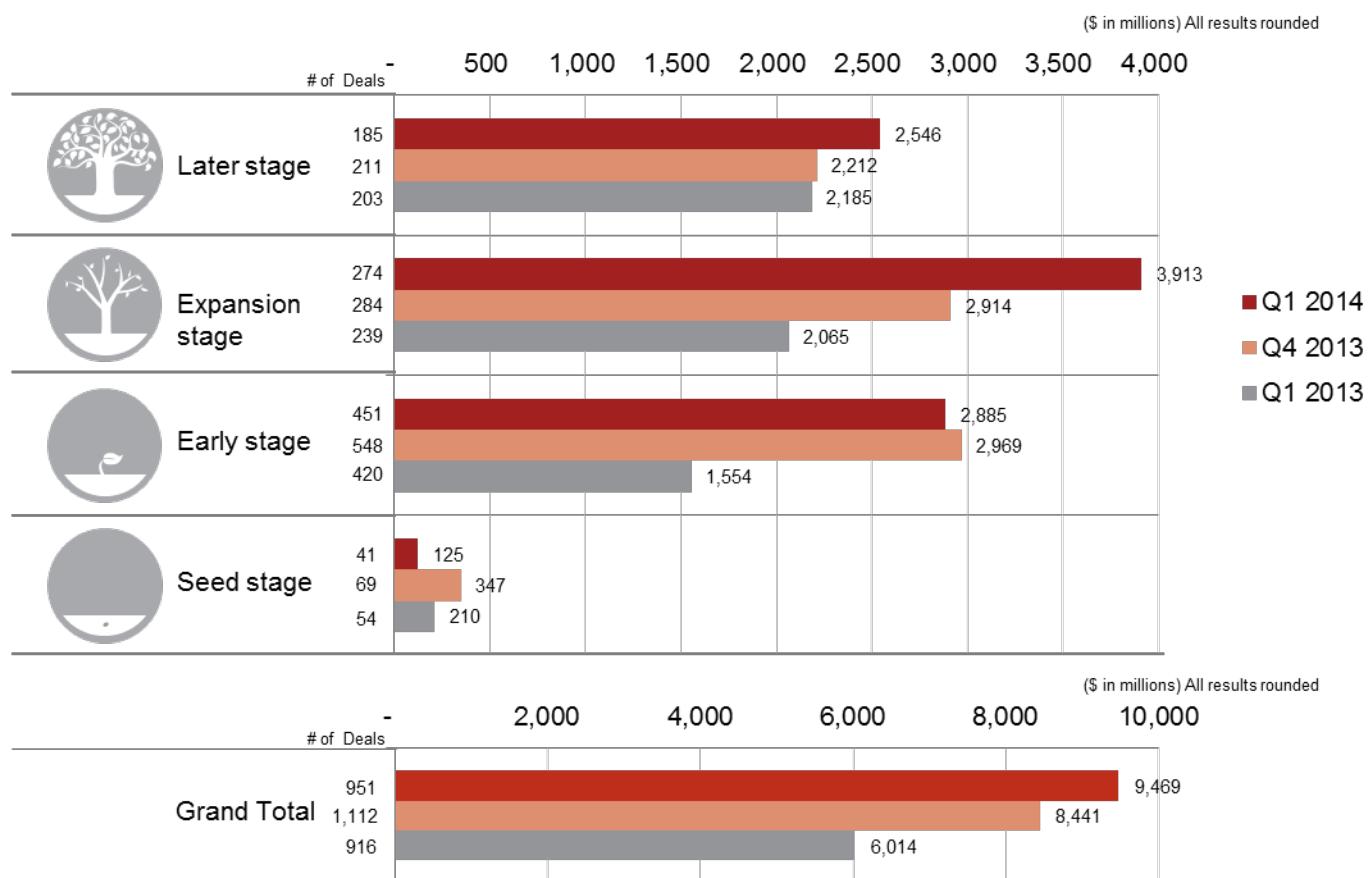
Q1 2013, Q4 2013, and Q1 2014

Seed stage investments fell 64 percent in dollars and 41 percent in deals with \$125 million invested into 41 deals in the first quarter. Early stage investments fell 3 percent in dollars and 18 percent in deals with \$2.9 billion going into 451 deals. Seed/Early stage deals accounted for 52 percent of total deal volume in Q1, compared to 55 percent in the fourth quarter of 2013. The average Seed deal in the first quarter was \$3.0 million, down from \$5.0 million in the fourth quarter of 2013. The average Early stage deal was \$6.4 million in Q1, up from \$5.4 million in the prior quarter.

Expansion stage dollars rose 34 percent in the first quarter, with \$3.9 billion going into 274 deals. Overall,

Expansion stage deals accounted for 29 percent of venture deals in the first quarter, up from 26 percent in the fourth quarter of 2013. The average Expansion stage deal was \$14.3 million, up dramatically from \$10.3 million in Q4 2013.

Investments in Later stage deals increased 15 percent in dollars but declined 12 percent in deals to \$2.5 billion going into 185 rounds in the first quarter. Later stage deals accounted for 19 percent of total deal volume in Q1, identical to the prior quarter when \$2.2 billion went into 211 deals. The average Later stage deal in the first quarter was \$13.8 million, up from \$10.5 million in the prior quarter.



Definitions of the Stage of Development categories can be found on the MoneyTree™ website at www.pwcmoneytree.com

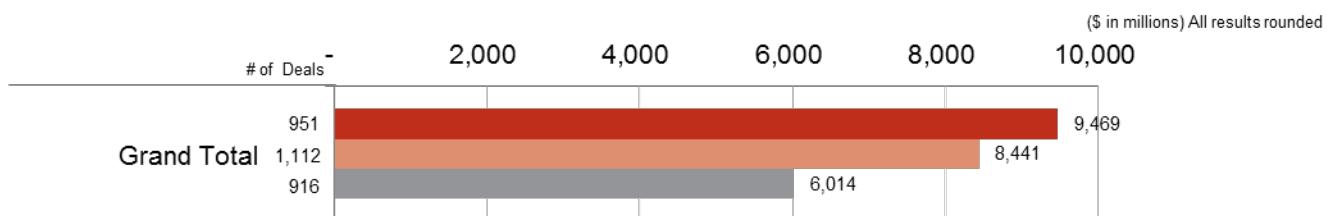
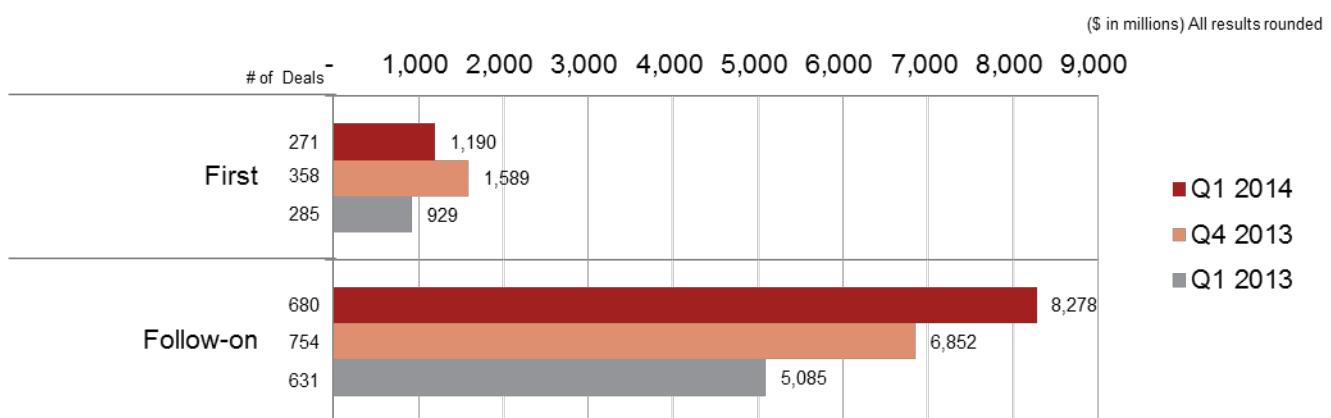
Investments by sequence of financing

Q1 2013, Q4 2013, and Q1 2014

First-time financing (companies receiving venture capital for the first time) dollars decreased 25 percent to \$1.2 billion in Q1, while the number of companies fell 24 percent from the prior quarter to 271. First-time financings accounted for 13 percent of all dollars in Q1, which is the lowest percentage total in the history of the survey. Companies receiving VC funding for the first time in Q1 accounted for 28 percent of all deals, which is the lowest percentage total since Q3 2009.

Nearly half of the dollars invested into companies receiving venture capital for the first time in Q1 were in

the Software industry. The Software sector accounted for 48 percent of the dollars and 46 percent of the deals, with 126 companies capturing \$571 million. First-time financings in the Life Sciences sector fell 38 percent in dollars from the prior quarter to \$258 million going into 36 companies. The average first-time deal in the first quarter was \$4.4 million, approximately the same as the prior quarter. Seed/Early stage companies received the bulk of first-time investments, capturing 78 percent of the dollars and 82 percent of the deals in the first quarter of 2014.



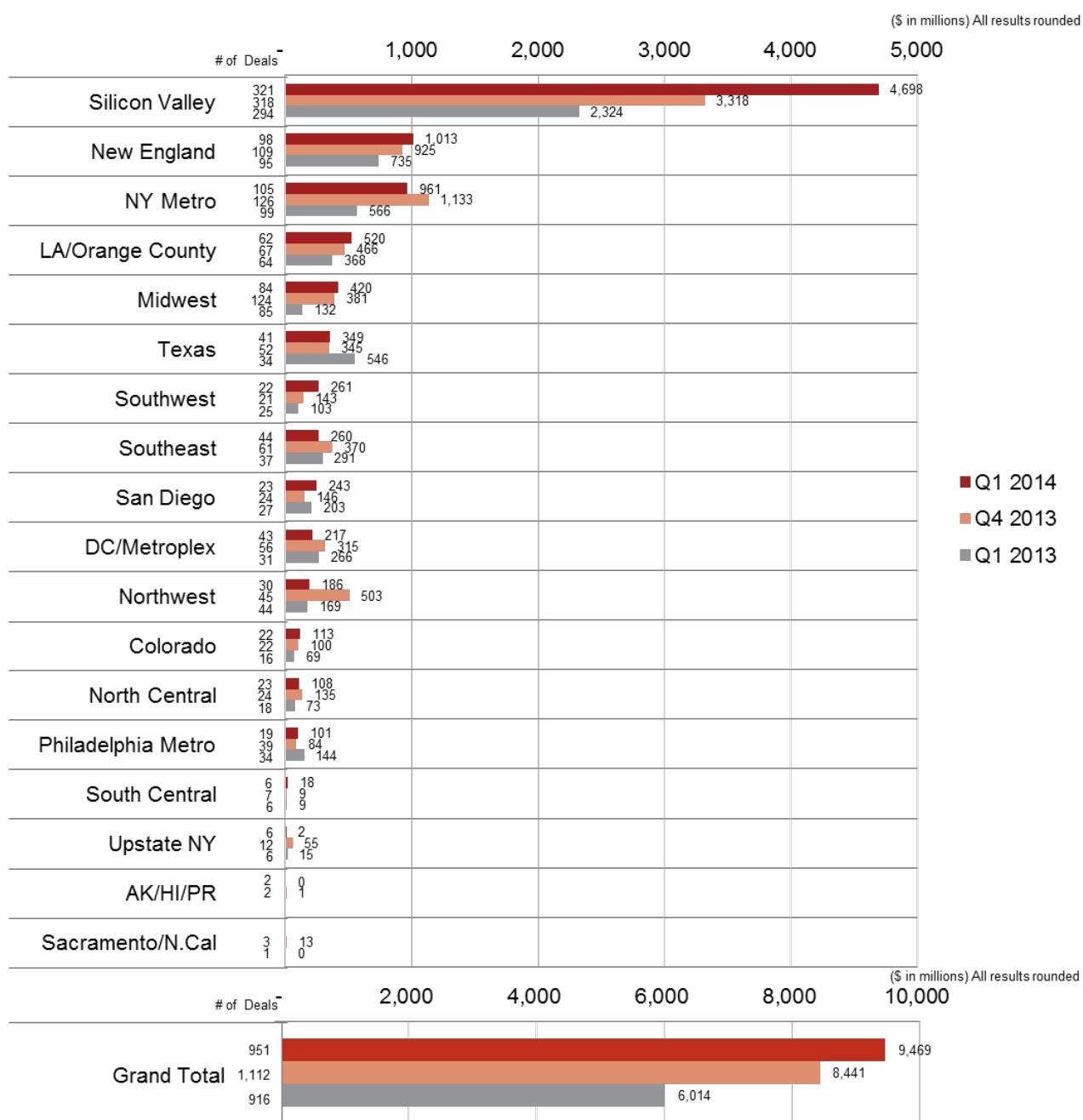
Definitions of the Financing Sequence categories can be found on the MoneyTree™ website at www.pwcmoneytree.com

Investments by region

Q1 2013, Q4 2013, and Q1 2014

Silicon Valley received the highest level of funding for all regions in the first quarter of 2014, increasing 42 percent in dollars from the prior quarter with \$4.7 billion going into 321 deals. New England received the second highest level of funding with \$1 billion going into 98 rounds, rising 9 percent in dollars from last quarter, but falling 10 percent in number of deals. NY Metro investments came in third and experienced a decrease, dropping by 15 percent in terms of dollars and 17 percent in deals with \$961 million going into 105 companies.

Ten of the 18 MoneyTree™ regions experienced increases in dollars invested in the first quarter, including South Central (99 percent increase), Southwest (82 percent increase), and Philadelphia Metro (21 percent increase). Only two of the 18 regions experienced increases in the number of deals, including Southwest (5 percent increase) and Silicon Valley (1 percent increase).



Definitions of the Region categories can be found on the MoneyTree™ website at www.pwcmoneytree.com

Q1 2014 Most active venture investors

Kleiner Perkins Caufield & Byers LLC counted the most deals in the first quarter 2014, with a total of 32 deals. New Enterprise Associates, Inc. came in second with 24 deals, and Google Ventures was a close third with 23 deals.

The top 24 most active venture investors accounted for 37 percent of total venture-backed deals for the quarter. Most active are those investors who participated in ten or more deals in the first quarter of 2014.

Firm	City	# of Deals
Kleiner Perkins Caufield & Byers LLC	Menlo Park, California	32
New Enterprise Associates, Inc.	Menlo Park, California	24
Google Ventures	Mountain View, California	23
Khosla Ventures LLC	Menlo Park, California	19
First Round Capital	Philadelphia, Pennsylvania	19
Canaan Partners	Menlo Park, California	17
Andreessen Horowitz LLC	Menlo Park, California	17
Greylock Partners	Menlo Park, California	16
Bessemer Venture Partners LP	Larchmont, New York	16
Battery Ventures LP	Boston, Massachusetts	15
True Ventures	Palo Alto, California	13
Accel Partners & Co., Inc.	Palo Alto, California	13
Foundation Capital	Menlo Park, California	13
Sequoia Capital	Menlo Park, California	12
General Catalyst Partners LLC	Cambridge, Massachusetts	12
Lightspeed Venture Partners X LP	Menlo Park, California	11
500 Startups, LP	Mountain View, California	11
Correlation Ventures	San Diego, California	10
Lerer Ventures	New York, New York	10
VegasTechFund	Las Vegas, Nevada	10
Draper Fisher Jurvetson International, Inc.	Menlo Park, California	10
Versant Ventures, Inc.	Menlo Park, California	10
Atlas Venture Advisors, Inc.	Cambridge, Massachusetts	10
Crosslink Capital, Inc.	San Francisco, California	10

PwC can help

For a deeper discussion on these results, please contact one of our leaders:

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Let's talk

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About PwC's Technology Institute

The Technology Institute is PwC's global research network that studies the business of technology and the technology of business with the purpose of creating thought leadership that offers both fact-based analysis and experience-based perspectives. Technology Institute insights and viewpoints originate from active collaboration between our professionals across the globe and their first-hand experiences working in and with the technology industry. For more information please contact Tom Archer, Technology Industry Leader.

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