

PricewaterhouseCoopers
National Venture Capital Association

MoneyTreeTM Report

Q2 2014

Data provided by Thomson Reuters

Technology Institute

August 2014

The Q2 2014 MoneyTreeTM results are in! This special report provides summary results of Q2 2013, Q1 2014 and Q2 2014. More detailed results can be found on the MoneyTreeTM Report website at www.pwcmoneytree.com

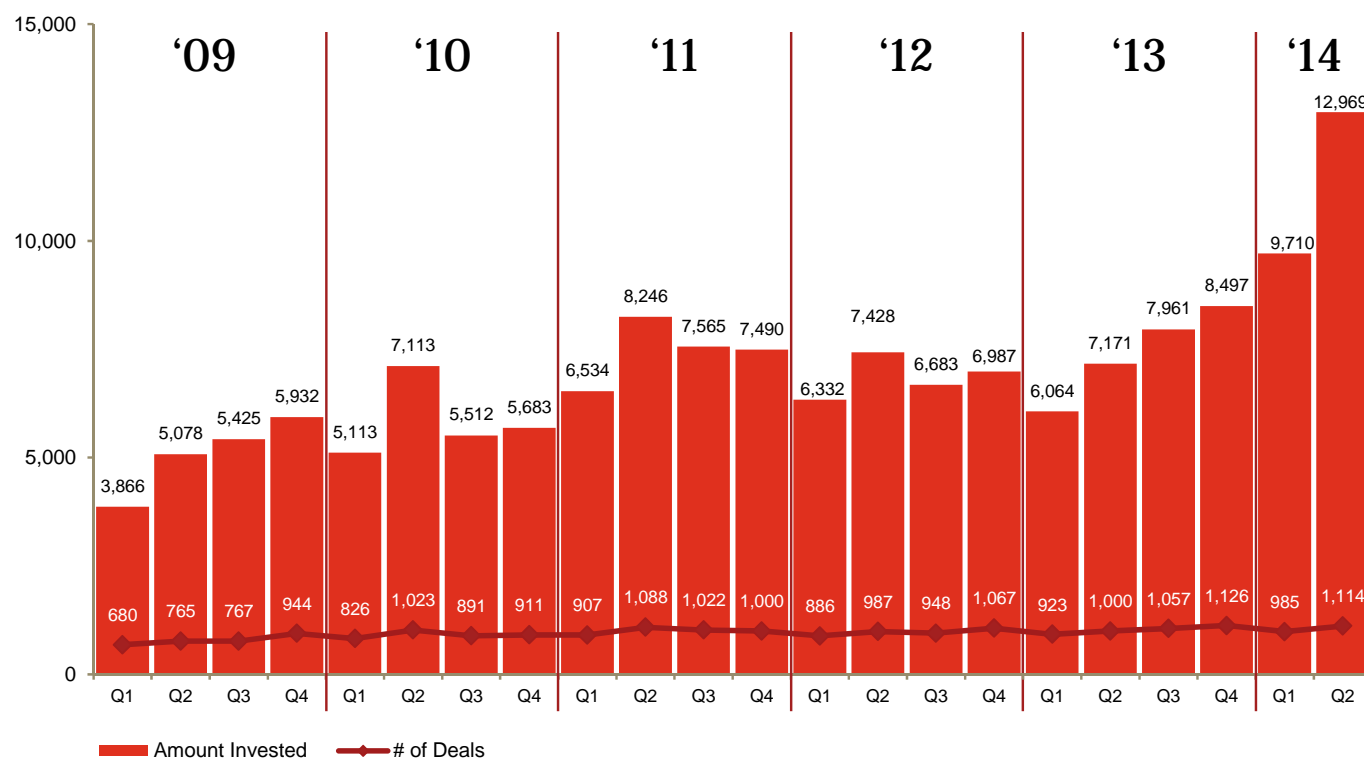


Total equity investments into venture-backed companies

Venture capitalists invested \$13.0 billion in 1,114 deals in the second 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 34 percent in terms of dollars and 13 percent in the

number of deals, compared to the first quarter when \$9.7 billion was invested in 985 deals. The total dollars invested in Q2 2014 marks the largest quarterly investment total since \$13.1 billion was invested in Q1 2001. VC investments for the first half of 2014 reached \$22.7 billion, the highest first half total since 2001.

(\$ in millions)
All results rounded



Investments by industry

Q2 2013, Q1 2014, and Q2 2014

The Software industry received the highest level of funding of all industries, rising 50 percent from the prior quarter to \$6.1 billion invested during the second quarter of 2014. The Software industry also counted the most deals in Q2 at 454, a 7 percent increase from the prior quarter. Part of the dramatic increase in investing can be attributed to the largest deal of the quarter going to a software company. The \$1.2 billion Expansion stage investment in a transportation software company is the largest deal of the quarter as well as the single largest quarterly investment recorded by the MoneyTree Report since it began reporting on venture capital investing in 1995.

The Biotechnology industry was the second largest sector for dollars invested with \$1.8 billion going into 122 deals, rising 69 percent in dollars and 7 percent in deals from the prior quarter. The increase in dollars invested can be at least partially attributed to two large Later stage funding rounds totaling nearly \$320 million. The Medical Devices and Equipment industry also experienced an increase in dollars and deals compared to the first quarter, rising 8 percent in dollars and 12 percent in deals in Q2, to \$649 million in 73 deals.

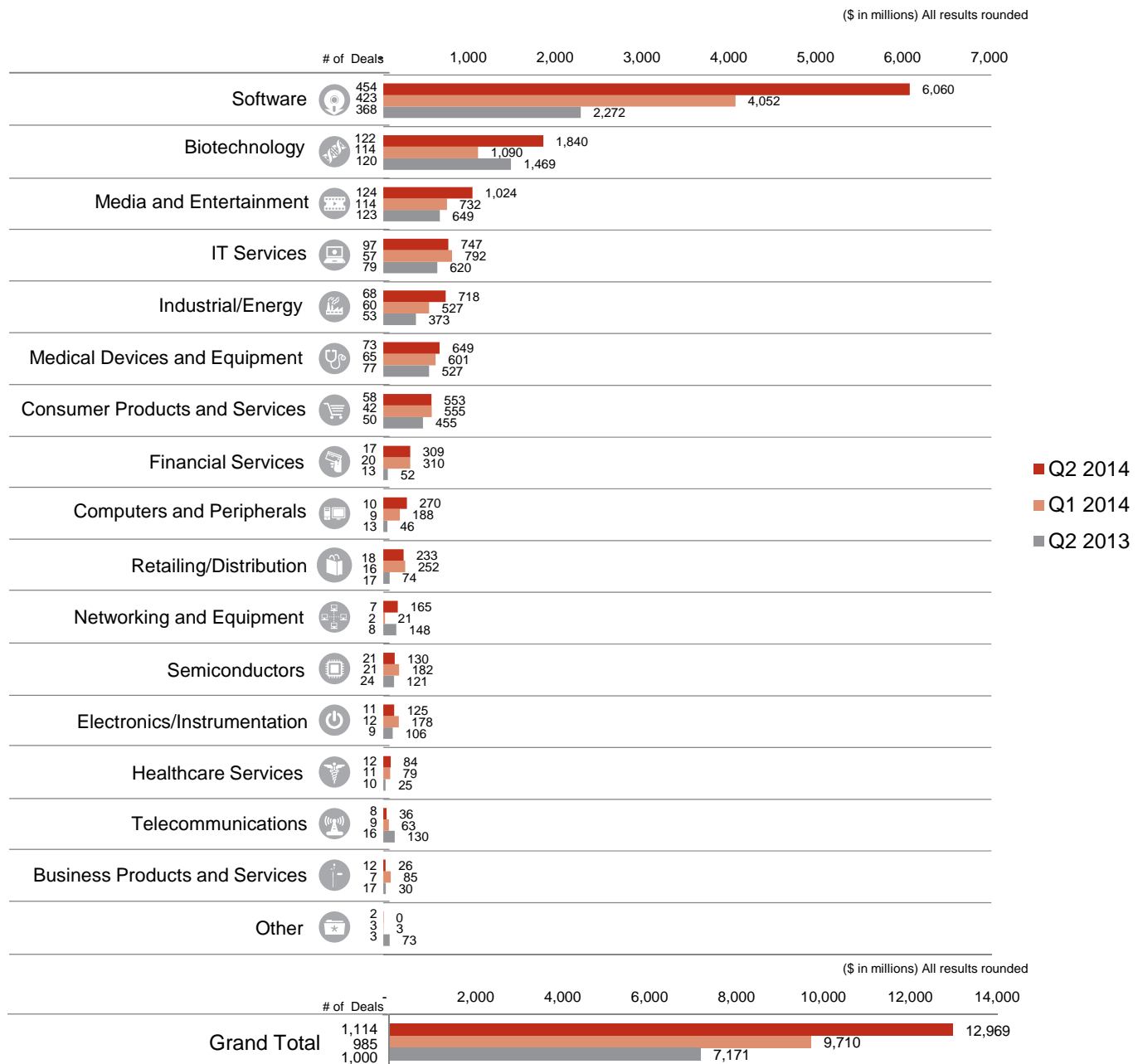
The Media & Entertainment industry captured the third largest total in Q2 with \$1.0 billion flowing into 124 deals. This represented a 40 percent increase in dollars and a 9 percent increase in deals compared to the prior quarter. The increase in dollars invested can be partially attributed to a large deal, the fifth largest in the quarter.

Nine of the 17 MoneyTree industries experienced decreases in dollars invested in the second quarter, including Business Products and Services (69 percent decrease), Telecommunications (43 percent decrease), and Semiconductors (29 percent decrease).

Venture capitalists invested \$2.7 billion into 270 Internet-specific companies during the second quarter of 2014. This investment level is 18 percent higher in dollars and 20 percent larger in deals than the first quarter of 2014 when \$2.3 billion went into 225 deals. Two of the top eleven 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

Q2 2013, Q1 2014, and Q2 2014



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

Investments by stage of development

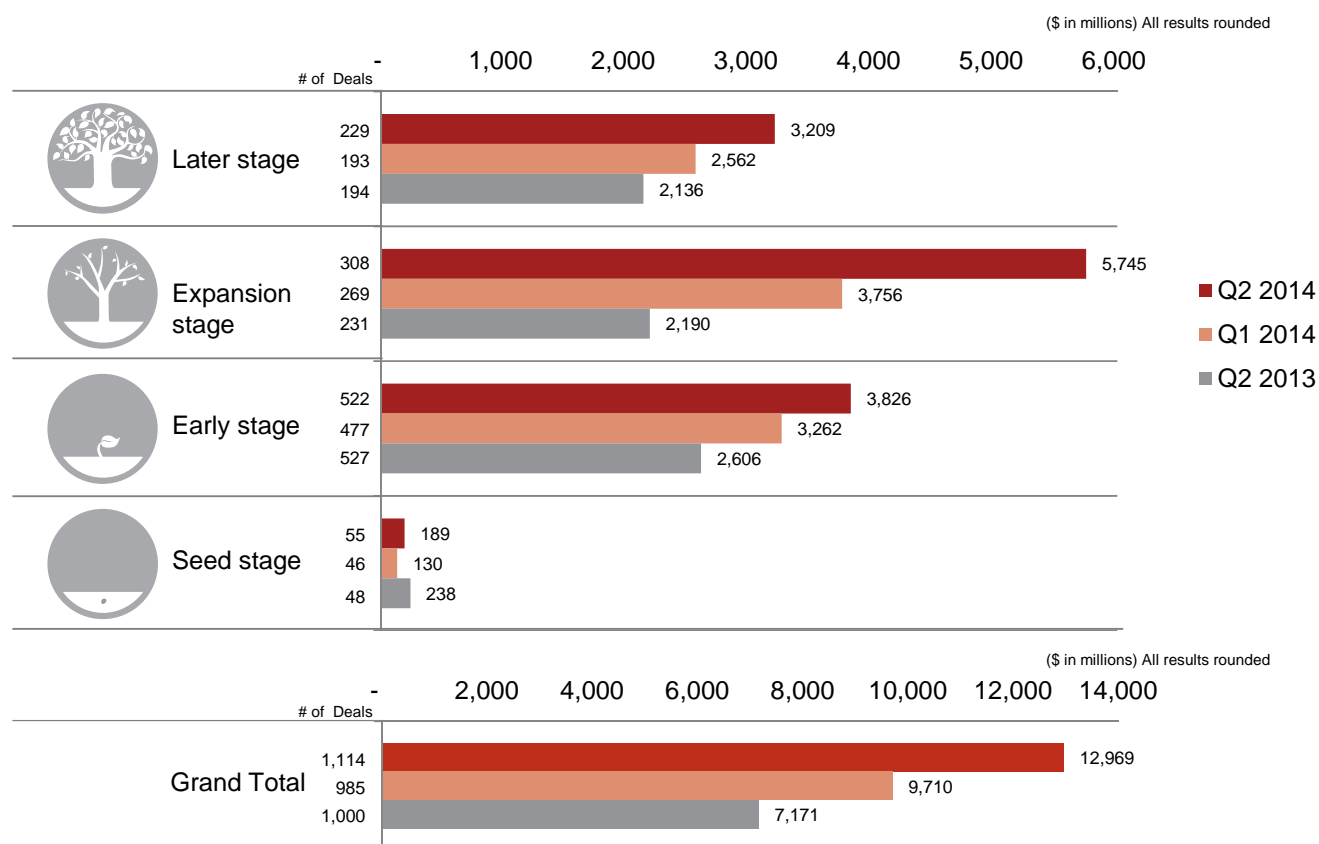
Q2 2013, Q1 2014, and Q2 2014

Seed stage investments rose 46 percent in dollars and 20 percent in deals with \$189 million invested into 55 deals in the second quarter. Early stage investments rose 17 percent in dollars and 9 percent in deals with \$3.8 billion going into 522 deals. Seed/Early stage deals accounted for 52 percent of total deal volume in Q2, compared to 53 percent in the prior quarter. The average Seed deal in the second quarter was \$3.4 million, up from \$2.8 million in the first quarter of 2014. The average Early stage deal was \$7.3 million in Q2, up from \$6.8 million in the prior quarter.

Expansion stage dollars rose 53 percent in the second quarter, with \$5.7 billion going into 308 deals. Overall, Expansion stage deals accounted for 28 percent of

venture deals in Q2, up slightly from 27 percent in the first quarter of 2014. The average Expansion stage deal was \$18.7 million, up dramatically from \$14.0 million in Q1 2014, due in part to the largest deal of the quarter falling into the Expansion stage of development.

Investments in Later stage deals increased 25 percent in dollars and 19 percent in deals to \$3.2 billion going into 229 rounds in the second quarter. Later stage deals accounted for 21 percent of total deal volume in Q2, up slightly from 20 percent in the prior quarter when \$2.6 billion went into 193 deals. The average Later stage deal in the second quarter was \$14.0 million, up from \$13.3 million in the prior quarter.



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

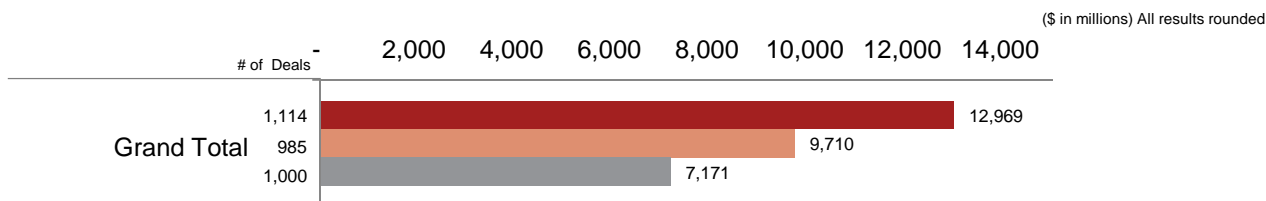
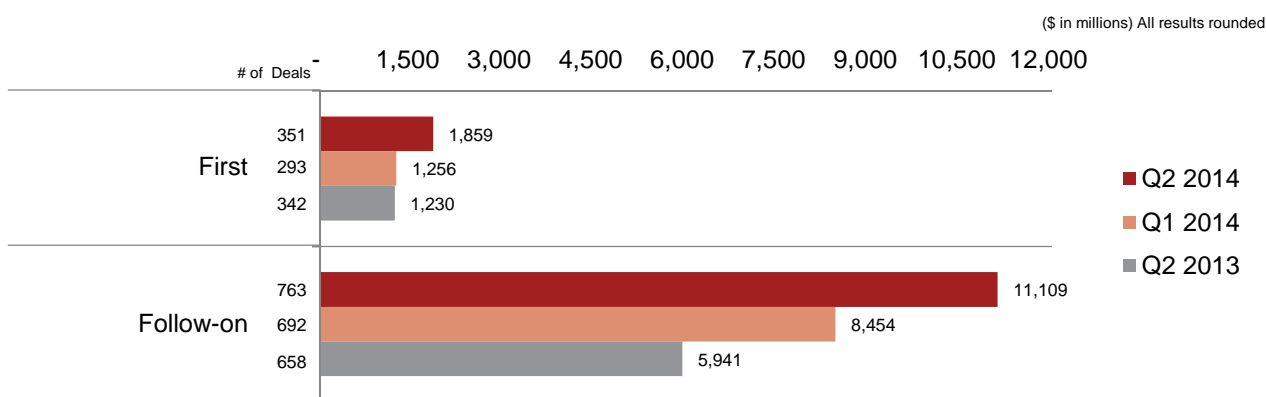
Investments by sequence of financing

Q2 2013, Q1 2014, and Q2 2014

First-time financing (companies receiving venture capital for the first time) dollars increased 48 percent to \$1.9 billion in Q2, while the number of companies rose 20 percent from the prior quarter to 351. First-time financings accounted for 14 percent of all dollars in Q2 while first-time deals accounted for 32 percent of all deals in the second quarter.

Of the companies receiving venture capital for the first time in Q2, Software companies captured the largest share and accounted for 40 percent of the dollars and 44

percent of the deals with 155 companies capturing \$743 million. First-time financings in the Life Sciences sector rose 3 percent in dollars from the prior quarter with \$267 million going into 32 companies, compared with 38 such companies receiving \$261 million in Q1. The average first-time deal in the second quarter was \$5.3 million, a jump from \$4.3 million in the prior quarter. Seed/Early stage companies received the bulk of first-time investments, capturing 57 percent of the dollars and 75 percent of the deals in the second quarter of 2014.



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

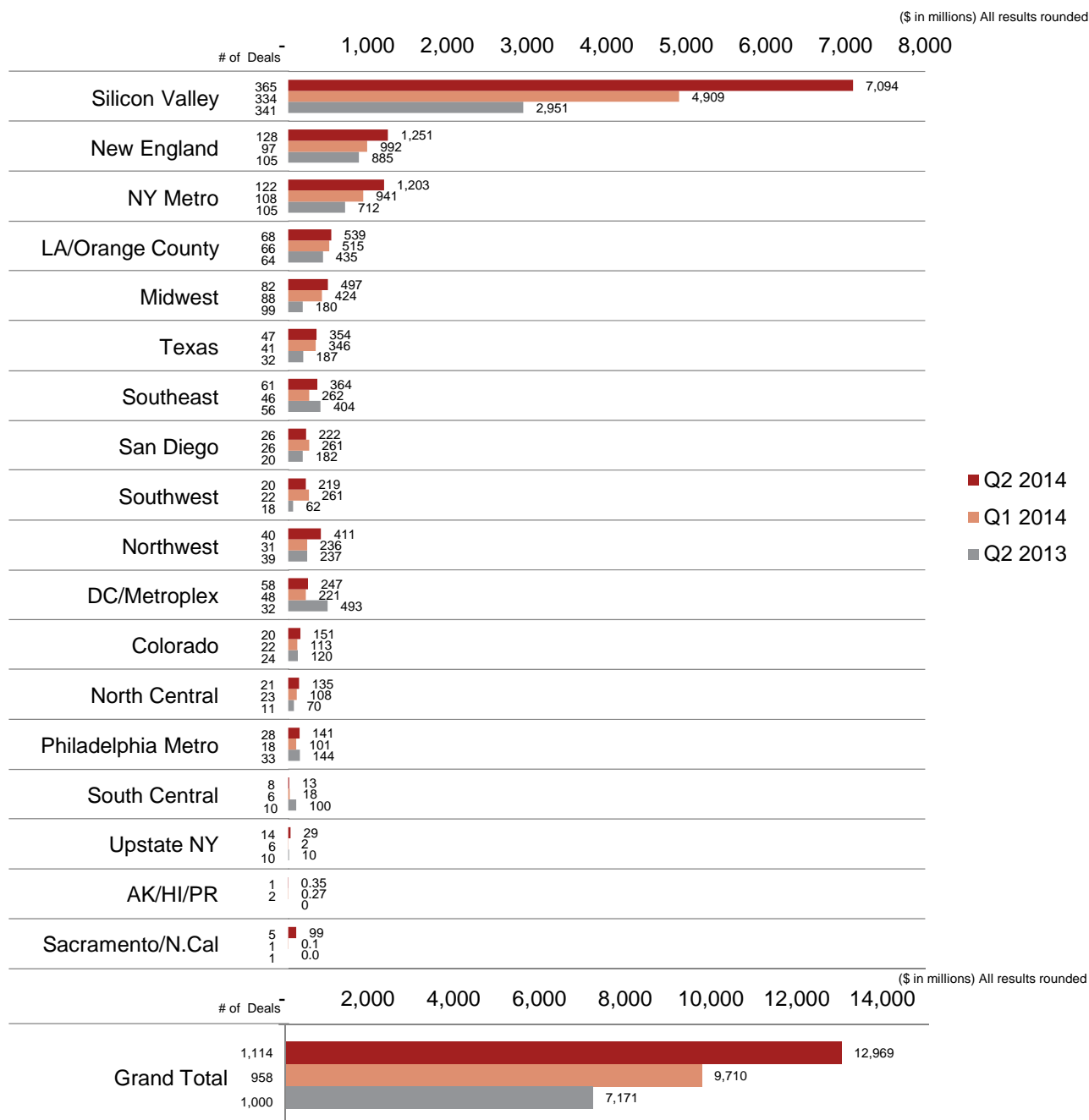
Investments by region

Q2 2013, Q1 2014, and Q2 2014

Silicon Valley received the highest level of funding for all regions in the second quarter of 2014, increasing 45 percent in dollars and 9 percent in deals from the prior quarter with \$7.1 billion going into 365 deals. New England received the second highest level of funding with \$1.3 billion going into 128 deals, rising 26 percent in dollars from last quarter and 32 percent in number of

deals. NY Metro investments came in third, increasing 28 percent in terms of dollars and 13 percent in deals with \$1.2 billion going into 122 companies.

Fifteen of the 18 MoneyTree™ regions experienced increases in dollars invested in the second quarter. Only 12 of 18 regions experienced increases in deals.



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

Q2 2014 Most active venture investors

Andreessen Horowitz LLC and New Enterprise Associates, Inc. both tied for the most deals in the second quarter 2014, with a total of 32 deals each. First Round Capital had the next highest number of deals with 27 deals.

The top 33 most active venture investors accounted for 46 percent of total venture-backed deals for the quarter. Most active are those investors who participated in ten or more deals in the second quarter of 2014.

Firm	City	# of Deals
Andreessen Horowitz LLC	Menlo Park, California	32
New Enterprise Associates, Inc.	Menlo Park, California	32
First Round Capital	Philadelphia, Pennsylvania	27
Kleiner Perkins Caufield & Byers LLC	Menlo Park, California	25
SV Angel II Q LP	San Francisco, California	23
True Ventures	Palo Alto, California	22
Sequoia Capital	Menlo Park, California	20
Canaan Partners	Menlo Park, California	19
Polaris Partners	Waltham, Massachusetts	17
Accel Partners & Co Inc	Palo Alto, California	16
Atlas Venture Advisors Inc	Cambridge, Massachusetts	16
DreamIt Ventures	Bryn Mawr, Pennsylvania	14
Google Ventures	Mountain View, California	14
Greylock Partners	Menlo Park, California	14
Innovation Works Inc	Pittsburgh, Pennsylvania	14
Khosla Ventures LLC	Menlo Park, California	14
Lerer Ventures	New York, New York	14
Redpoint Ventures	Menlo Park, California	14
Foundry Group LLC	Boulder, Colorado	12
General Catalyst Partners LLC	Cambridge, Massachusetts	12
InterWest Partners LLC	Menlo Park, California	12
Venrock, Inc.	Palo Alto, California	12
Bessemer Venture Partners, L.P.	Larchmont, New York	11
Draper Fisher Jurvetson International Inc	Menlo Park, California	11
Foundation Capital	Menlo Park, California	11
Tech Coast Angels	Los Angeles, California	11
500 Startups, L.P.	Mountain View, California	10
Battery Ventures LP	Boston, Massachusetts	10
Connecticut Innovations Inc	Rocky Hill, Connecticut	10
Lightspeed Venture Partners X LP	Menlo Park, California	10
Norwest Venture Partners	Palo Alto, California	10
OrbiMed Advisors LLC	New York, New York	10
Versant Ventures, Inc.	Menlo Park, 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, US Technology Industry Leader.

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