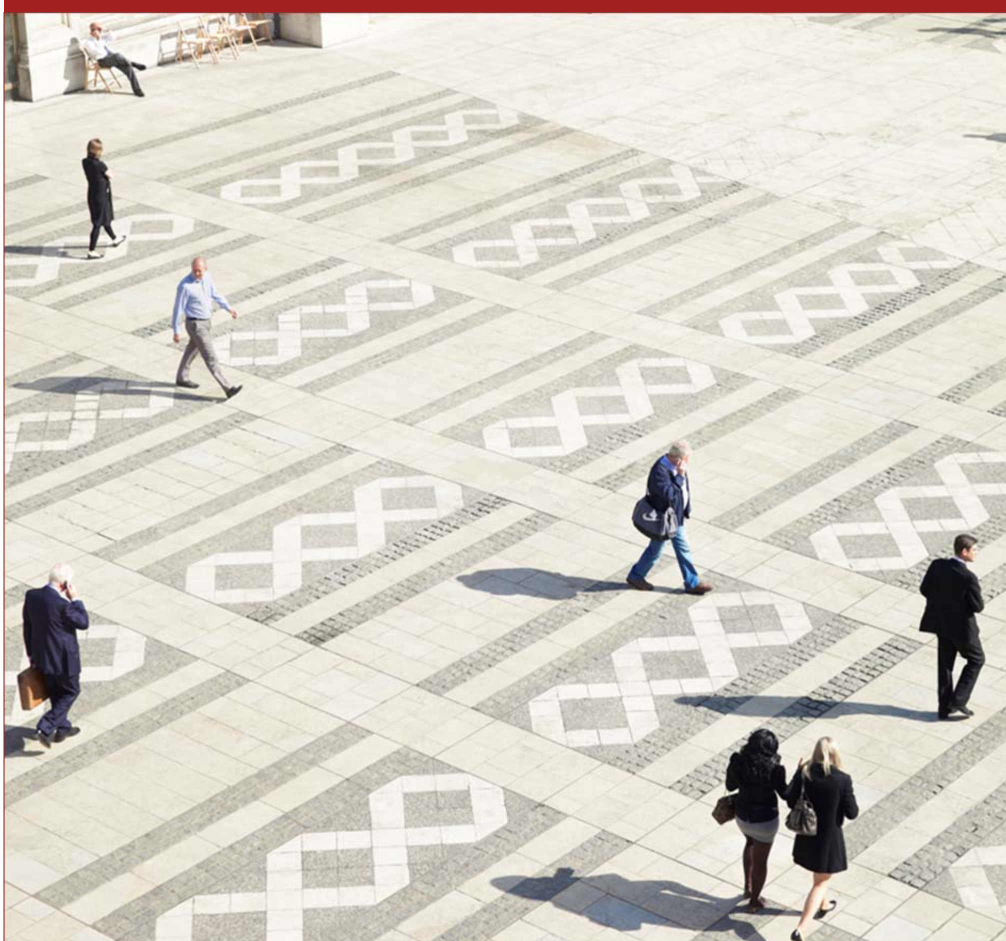
PricewaterhouseCoopers
National Venture Capital Association

MoneyTree™ Report

Q4 2014/ Full-year 2014

Data provided by Thomson Reuters



Technology Institute

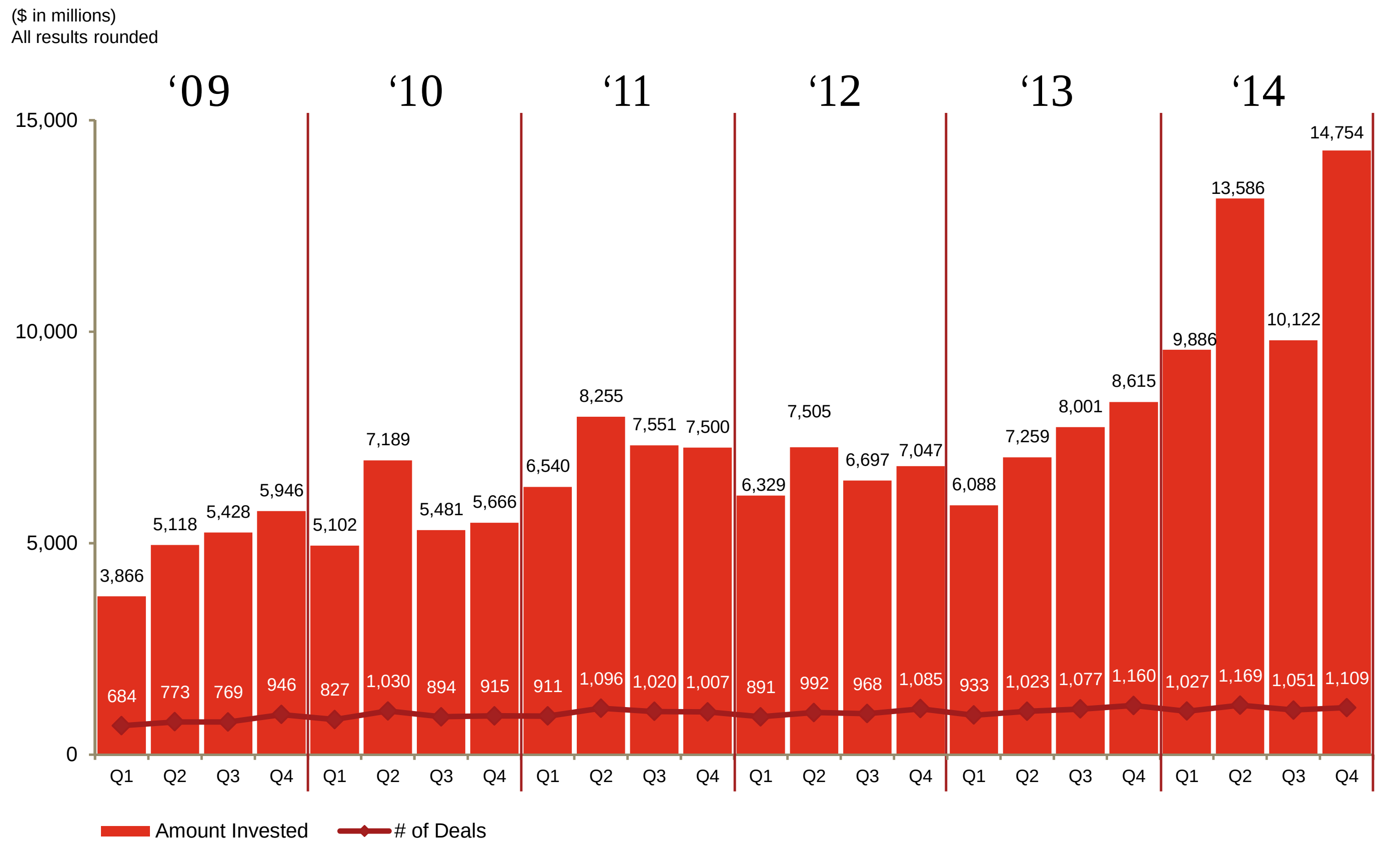
February 2015

The Q4 2014 MoneyTree™ results are in! This special report provides summary results of Q4 2014, as well as findings for full-year 2014. More detailed results can be found on the MoneyTree™ website at www.pwcmoneytree.com

Total equity investments into venture-backed companies

Venture capitalists invested $48.3 billion in 4,356 deals in 2014, an increase of 61 percent in dollars and a 4 percent increase in deals over the prior year, according to the MoneyTree™ Report by PricewaterhouseCoopers LLP (PwC) and the National Venture Capital Association (NVCA), based on data from Thomson Reuters. In Q4 2014, $14.8 billion went into 1,109 deals.

Internet-specific companies captured $11.9 billion in 2014, marking the highest level of Internet-specific investments since 2000. Additionally, annual investments into the Software industry also reached the highest level since 2000 with $19.8 billion flowing into 1,799 deals in 2014. Dollars going into Software companies accounted for 41 percent of total venture capital investments in 2014, the highest percentage since the inception of the MoneyTree Report in 1995.



Investments by industry

2013 to 2014

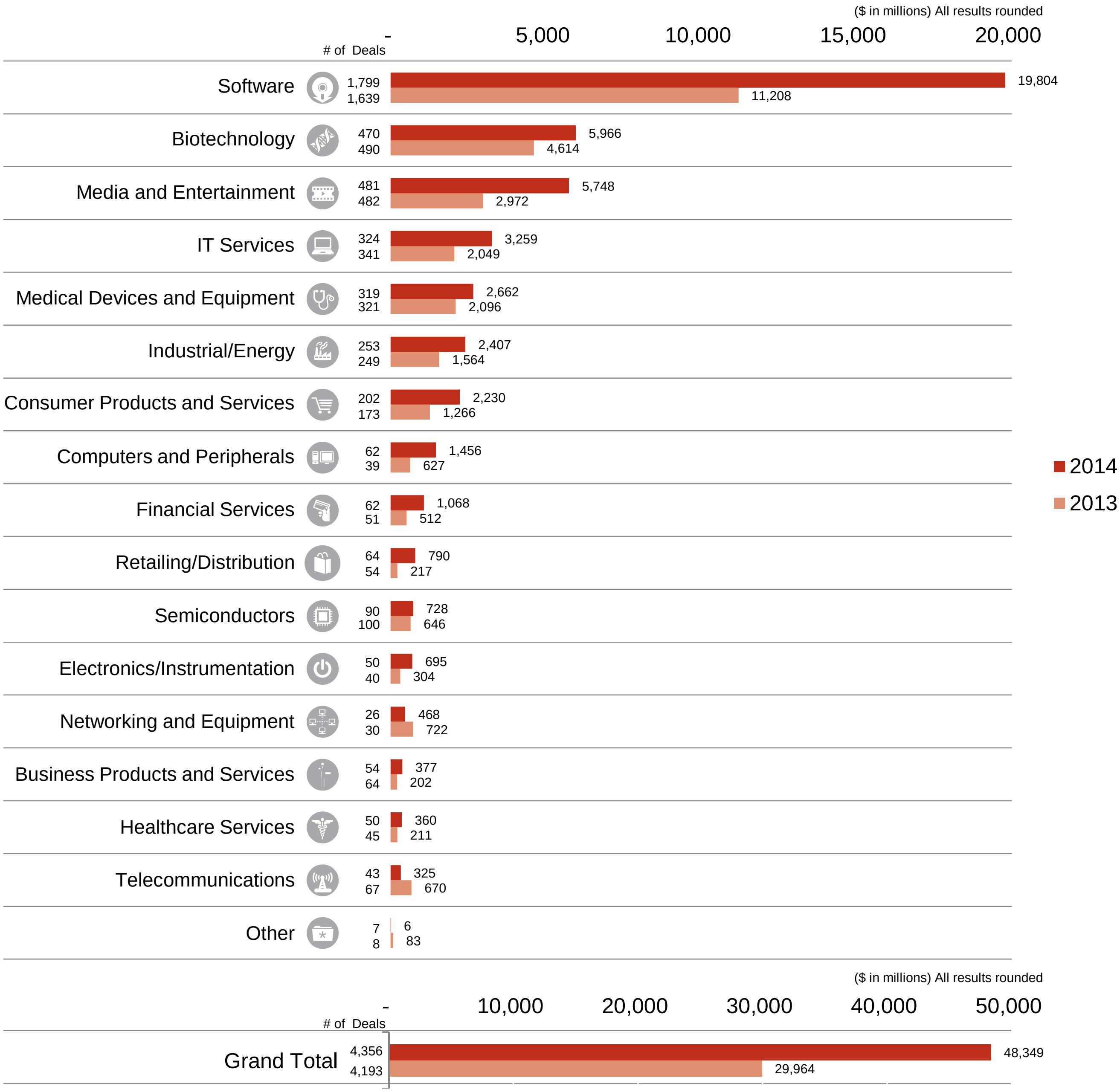
The Software industry maintained its status as the single largest investment sector for the year, with dollars rising 77 percent over 2013 to $19.8 billion, which was invested into 1,799 deals, a 10 percent rise in volume over the prior year.

Biotechnology investment dollars rose 29 percent while volume decreased 4 percent in 2014 to $6.0 billion going into 470 deals, placing it as the second largest investment sector for the year in terms of dollars invested. The Media and Entertainment sector accounted for the second largest number of deals in 2014 at 481, however it was third largest in terms of dollars invested with an annual total of $5.7 billion.

Overall, investments in 2014 in the Life Sciences sector (Biotechnology and Medical Devices combined) rose to the highest level since 2008 with $8.6 billion invested into 789 deals, a 29 percent increase in dollars but a 3 percent drop in deals compared 2013. Dollars invested into Life Sciences companies accounted for 18 percent of total venture capital investments in 2014.

Internet-specific companies experienced a 68 percent increase in dollars but a 6 percent drop in deals for the full year 2014 with $11.9 billion going into 1,005 rounds compared to 2013 when $7.1 billion went into 1,074 deals. The amount of funding in 2014 marked the highest level of Internet-specific investment since 2000. 'Internet-specific' is a discrete classification assigned to a company whose business model is fundamentally dependent on the Internet, regardless of the company's primary industry category. These companies accounted for 25 percent of all venture capital dollars in 2014.

Fourteen of the 17 industry categories experienced increases in dollars invested for the year. Industry sectors experiencing some of the biggest dollar increases for 2014 included: Retailing/Distribution (265 percent); Computers and Peripherals (132 percent); Electronics/Instrumentation (128 percent); and Financial Services (109 percent).



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

Investments by industry

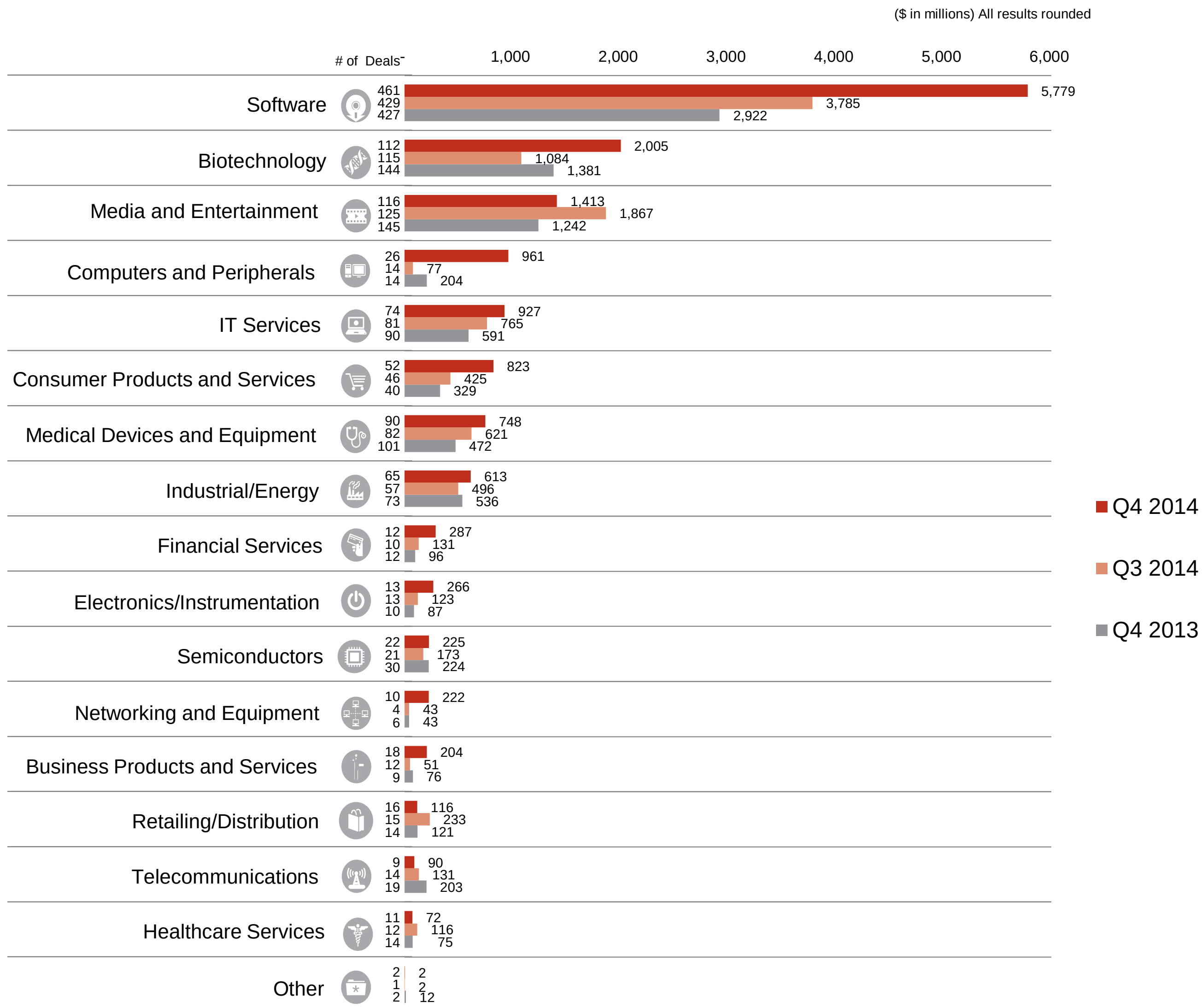
Q4 2013, Q3 2014, and Q4 2014

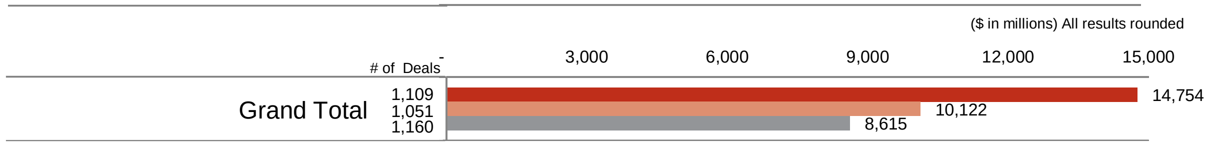
Software remained the number one sector in Q4 for both dollars invested and number of deals with $5.8 billion going into 461 deals, nearly four times the number of deals than the second highest volume sector, Media and Entertainment. Rising by 53 percent in dollars and 7 percent in Q4, Software has held the number one spot in terms of dollars invested for 21 straight quarters.

For the fourth quarter, $3.0 billion went into 236 Internet-specific deals, representing a decrease of 7 percent in both dollars and deals.

In Q4, the Life Sciences sector captured $2.8 billion going into 202 deals, a 62 percent increase in dollars invested, while deal volume remained relatively flat compared to Q3 2014.

Thirteen of the 17 industry categories experienced increases in dollars invested for the year. Industry sectors experiencing some of the biggest dollar increases for Q4 included: Computers and Peripherals (1,140 percent); Networking and Equipment (421 percent); and Business Products and Services (304 percent).





Investments by stage of development

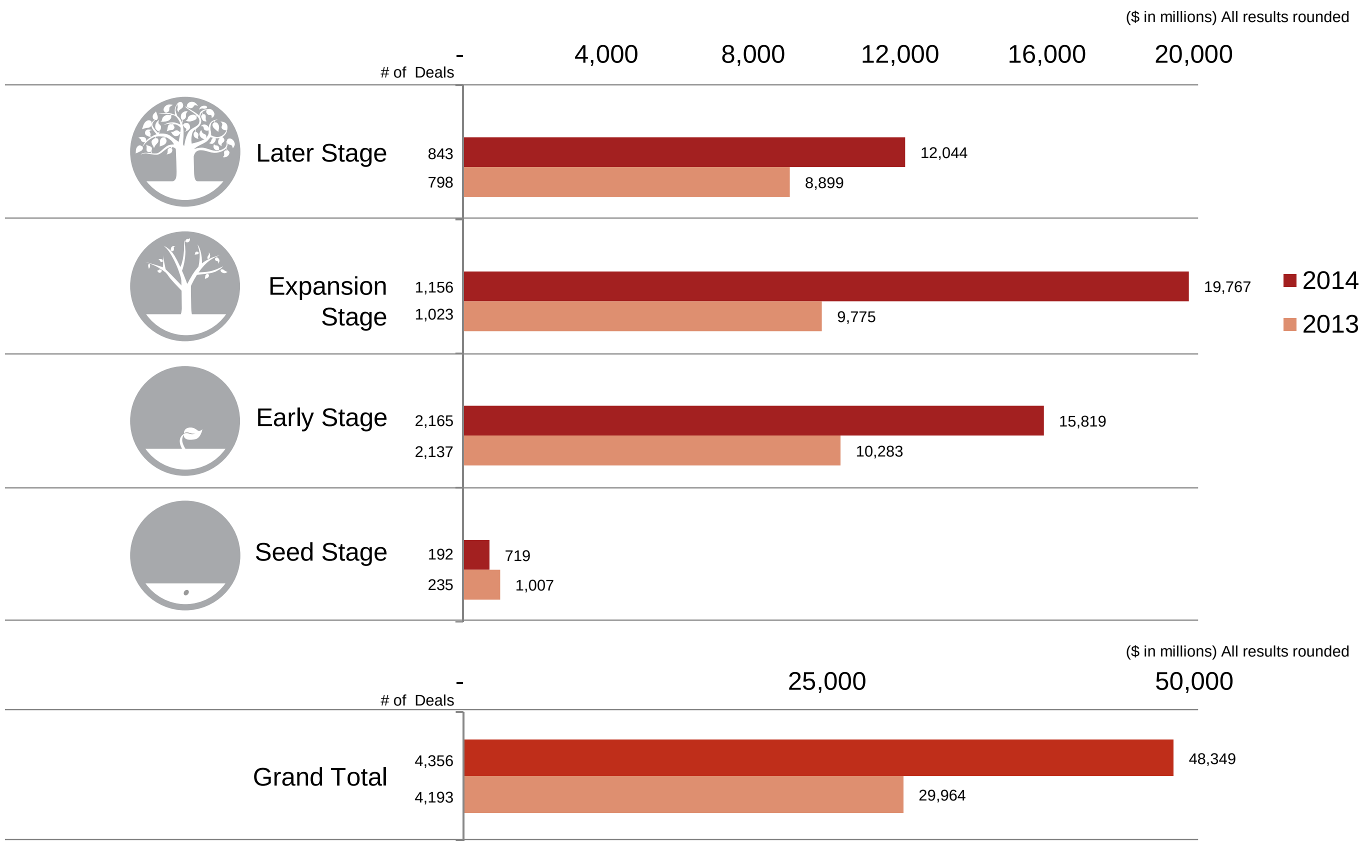
2013 to 2014

Expansion Stage investments captured the most investment dollars in 2014, increasing 102 percent to $19.8 billion which flowed into 1,156 deals, a 13 percent increase compared to the prior year. Expansion Stage companies attracted 41 percent of dollars and 27 percent of deals in 2014 compared to 33 percent of dollars and 24 percent of deals in 2013. The average Expansion Stage deal in 2014 was $17.1 million compared to $9.6 million in 2013.

Investments in Early Stage companies accounted for the most deals during 2014 with 2,165 deals capturing $15.8 billion. While the number of deals remained relatively flat in 2014 compared to the prior year, the dollars invested rose 54 percent over the same time period. Early Stage companies attracted 33 percent of dollars and 50 percent of deals in 2014 compared to 34 percent of dollars and 51 percent of deals in 2013. The average Early Stage deal in 2014 was $7.3 million, up notably from $4.8 million in 2013.

Seed Stage investments fell 29 percent in terms of dollars and 18 percent in deals with $719 million going into 192 companies in 2014, the lowest number of Seed deals since 2002. Seed Stage companies attracted 1 percent of dollars and 4 percent of deals in 2014 compared to 3 percent of dollars and 6 percent of deals in 2013. The average Seed Stage round in 2014 was $3.7 million, down from $4.3 million in 2013.

In 2014, $12.0 billion was invested into 843 Later Stage deals, a 35 percent increase in dollars and a 6 percent increase in deals for the year. Later Stage companies attracted 25 percent of dollars and 19 percent of deals in 2014 compared to 30 percent of dollars and 19 percent of deals in 2013. The average size of a Later Stage deal rose from $11.2 million in 2013 to $14.3 million in 2014.



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

Investments by stage of development

Q4 2013, Q3 2014, and Q4 2014

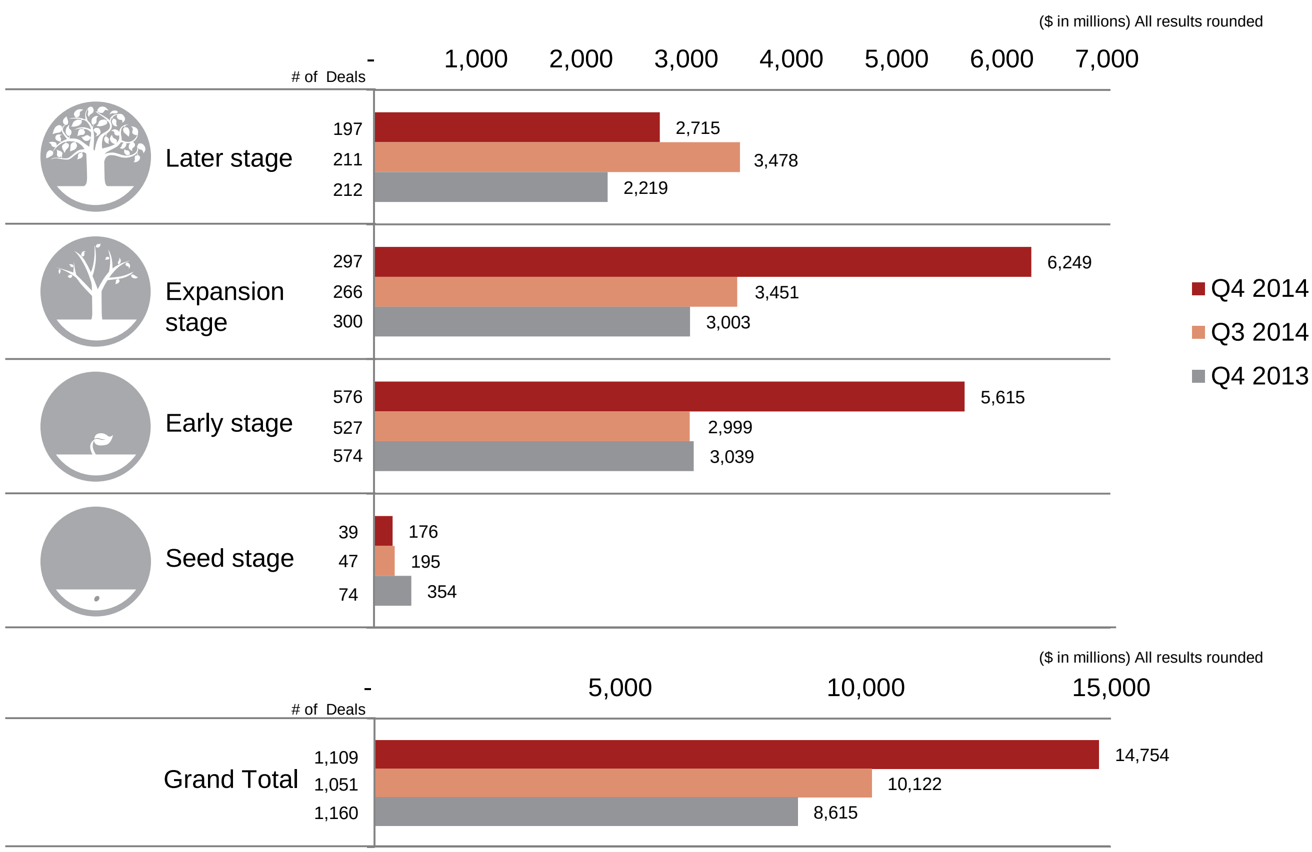
Seed Stage investments decreased 10 percent in dollars and 17 percent in deals with $176 million invested into 39 deals in the fourth quarter. The average Seed Stage deal in the fourth quarter was $4.5 million, up from $4.1 million in the third quarter.

Early Stage dollar investments increased 87 percent in dollars and 9 percent in deals from the prior quarter to $5.6 billion going into 576 deals. The average Early Stage deal was $9.7 million in Q4, up from $7 million in the prior quarter. Seed Stage and Early stage deals accounted for 55 percent of total deal volume in Q4, unchanged from the third quarter of 2013.

Expansion Stage dollars increased 81 percent in the fourth quarter, with $6.2 billion going into 297 deals.

Overall, Expansion Stage deals accounted for 27 percent of venture deals in the fourth quarter. The average Expansion stage deal was $21 million, increasing from $19.6 million in Q3 2014.

In the fourth quarter, investments in Later Stage deals decreased 22 percent in dollars and 7 percent in deals to $2.7 billion going into 197 rounds in the fourth quarter. Later Stage deals accounted for 19 percent of total deal volume in Q4. The average Later Stage deal in the fourth quarter was $13.8 million, down slightly from $13.7 million in Q3 2014.

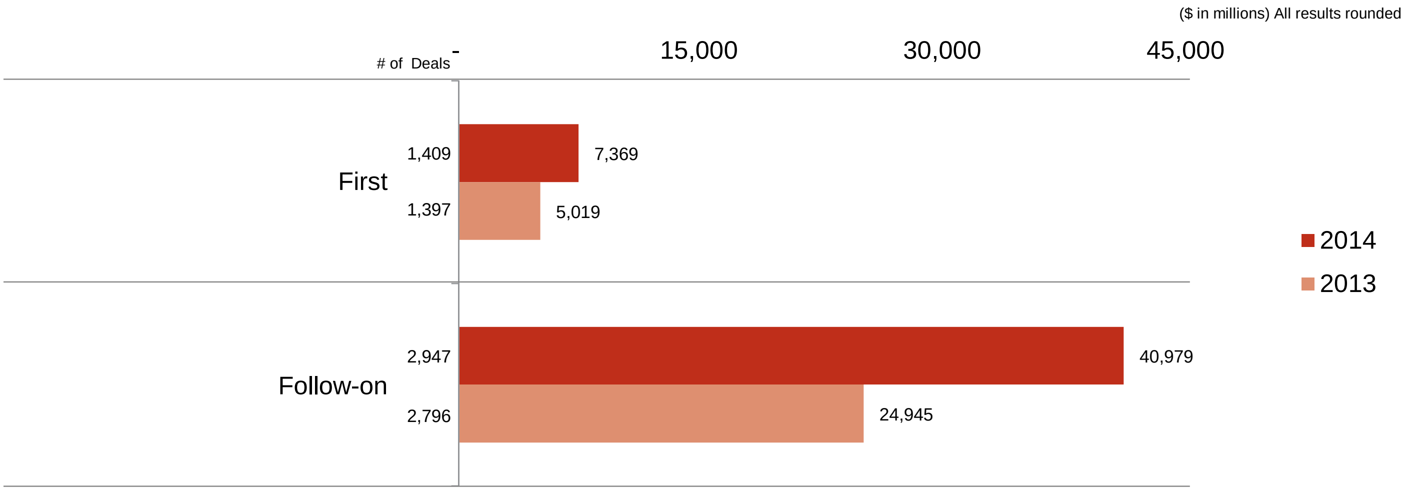


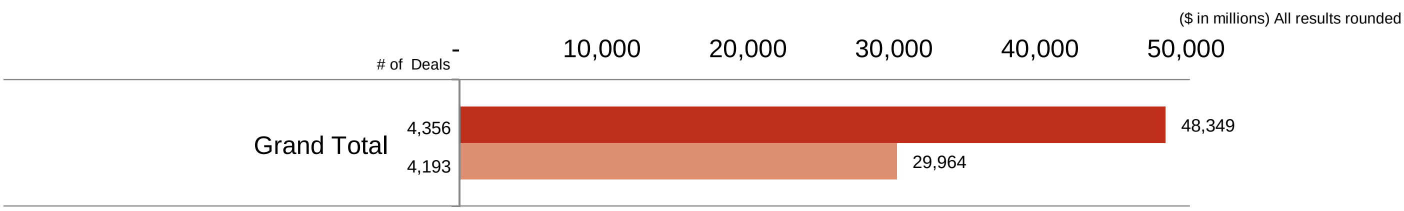
Investments by sequence of financing

2013 to 2014

First-time financings in 2014 rose 47 percent in dollars while the number of deals was flat compared to 2013, with $7.4 billion going into 1,409 companies. First-time financings accounted for 15 percent of dollars and 32 percent of deals in 2014 compared to 17 percent of dollars and 33 percent of deals in 2013.

Industries that captured the highest total of first-time dollars and deals in 2014 were Software, Media and Entertainment and Biotechnology. Sixty-eight percent of first-time deals in 2014 were in the Early Stage of development, followed by the Expansion Stage of development at 14 percent, Seed Stage companies at 11 percent and Later Stage companies at 7 percent.





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

Investments by sequence of financing

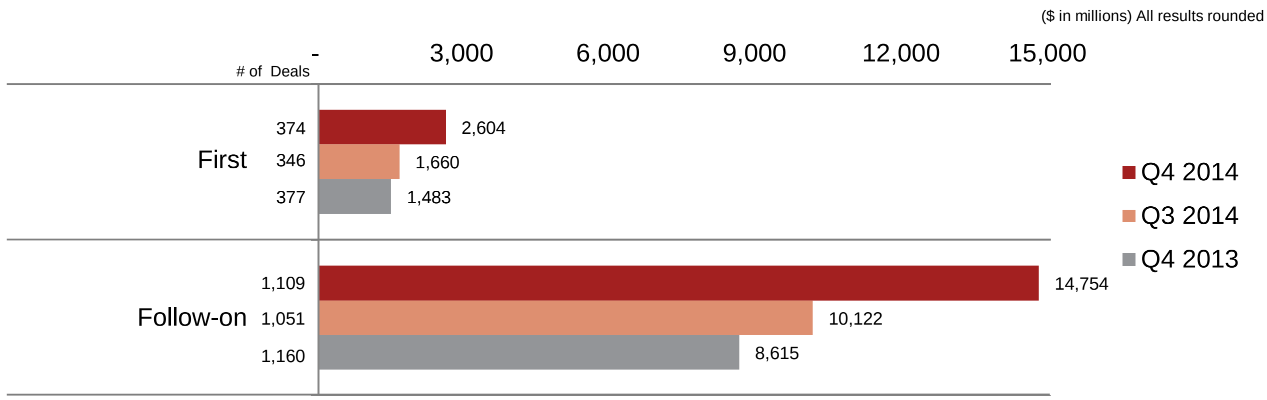
Q4 2013, Q3 2014, and Q4 2014

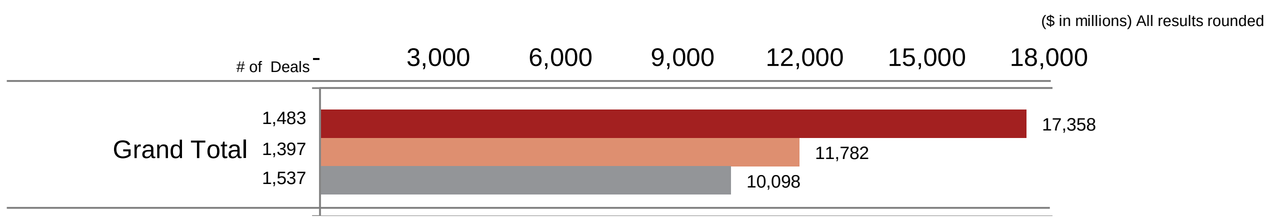
First-time financing dollars increased 57 percent to $2.6 billion going into 374 companies in Q4, an 8 percent increase in the number of deals from the prior quarter. First-time financings accounted for 18 percent of all dollars and 34 percent of all deals in the fourth quarter. The average first-time deal in the fourth quarter was $7 million, up from $4.8 million in the prior quarter.

Companies in the Software industry captured 36 percent of first-time investment dollars in the fourth quarter, and 51 percent of the companies receiving funding in Q4 with $936 million going into 189 companies.

The Life Sciences sector saw a rise of 82 percent in dollars from the prior quarter to $403 million, while the number of companies receiving funding for the first time decreased by 33 percent to 32.

Seed Stage and Early Stage companies received the bulk of first-time investments, capturing 52 percent of the dollars and 77 percent of the deals in the fourth quarter of 2014.



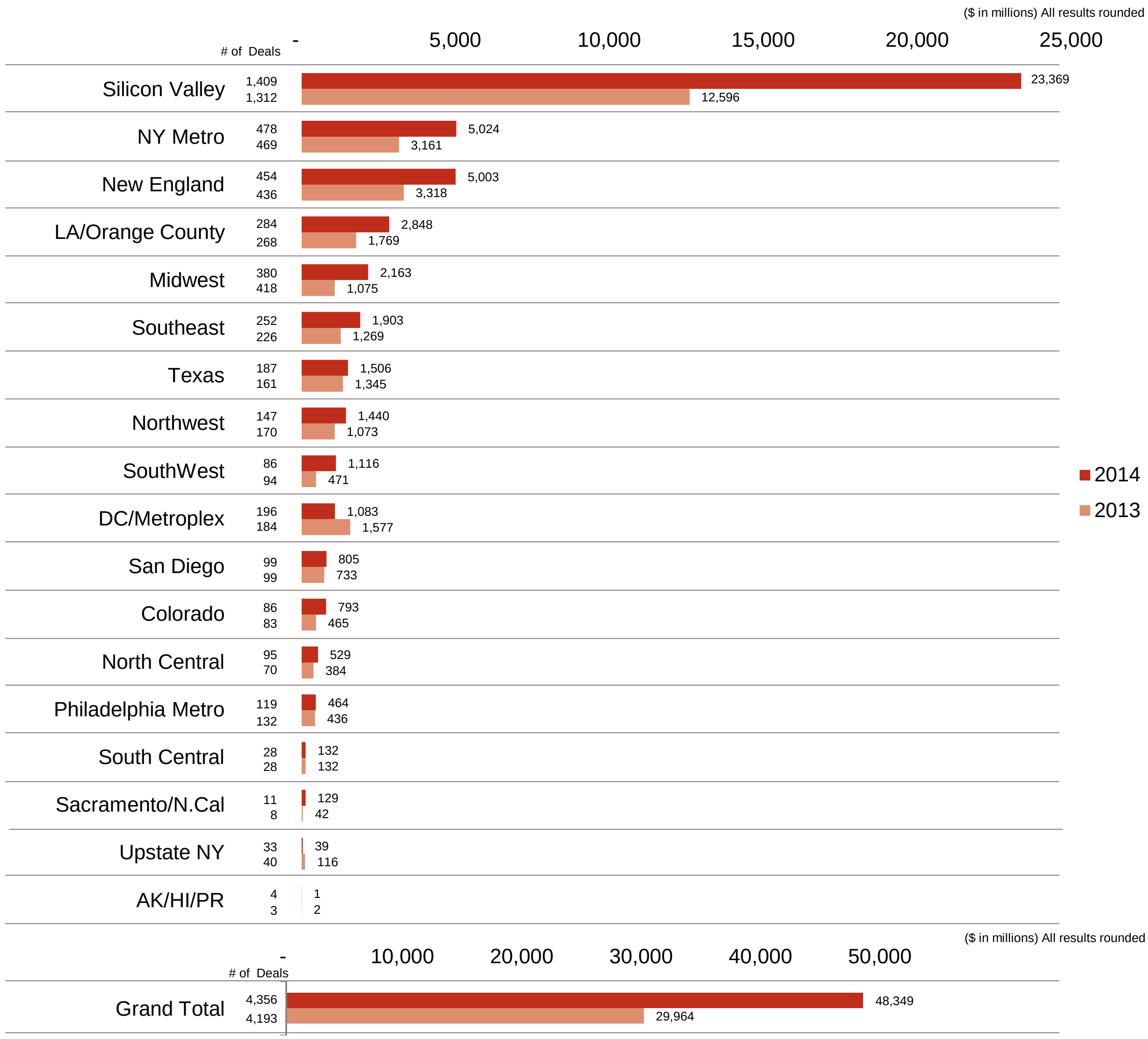


Investments by region

2013 to 2014

Fifteen of the 18 regions recorded an increase in funding over the prior year. The Sacramento/N.Cal region reported the greatest increase in 2014 investment levels with a 209 percent increase in funding, followed by the SouthWest with a 137 percent increase.

Silicon Valley was the top region for the year, attracting 48 percent of total US venture capital dollars and 32 percent of total US deals. NY Metro was a distant second at 10 percent of total US dollars and 11 percent of total deals. Taken together, the top three regions—Silicon Valley, New York Metro, and New England—accounted for 69 percent of venture capital funding and 54 percent of deals reported in 2014.



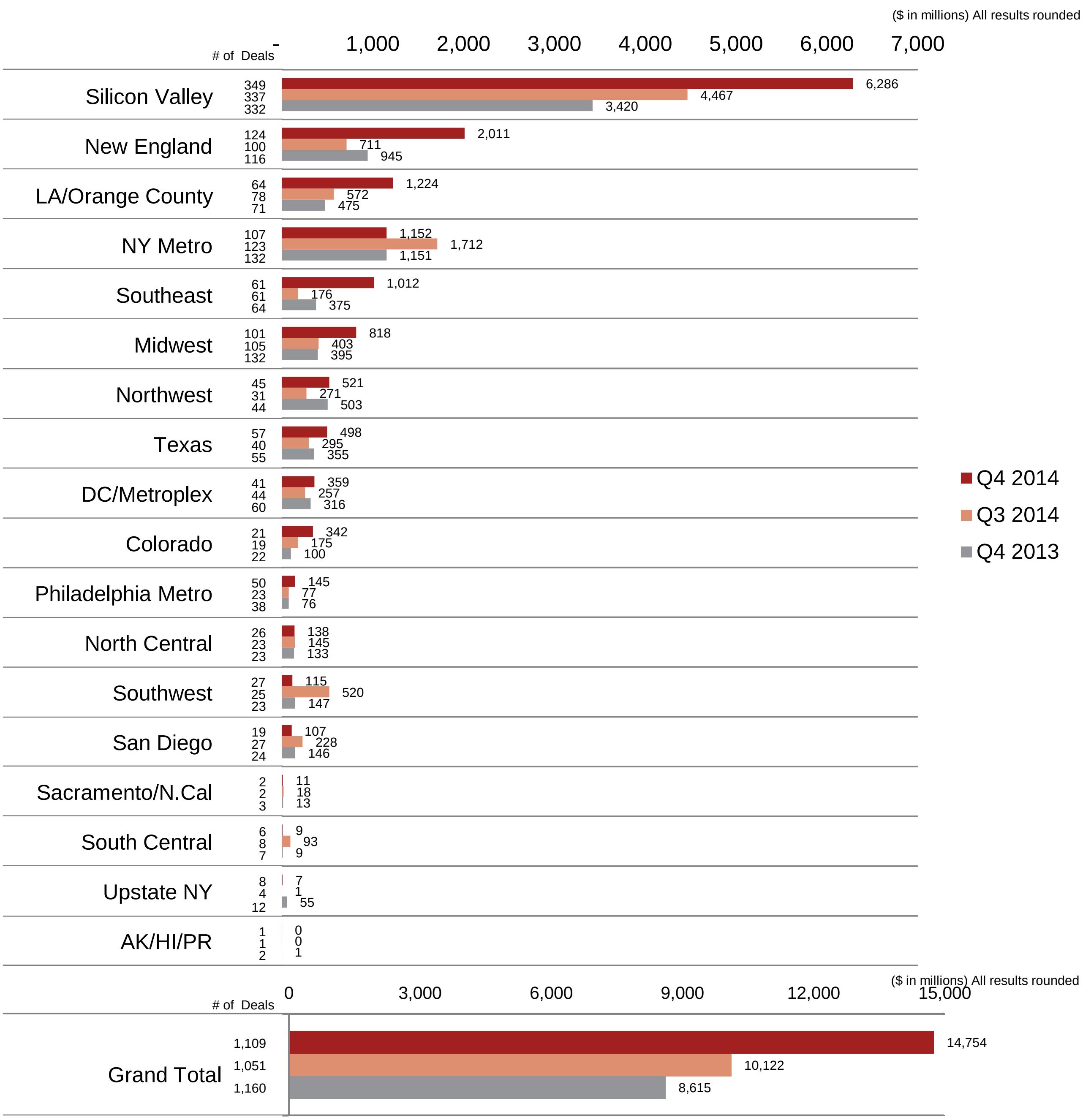
Definitions of the Region categories can be found on the MoneyTree™ website at www.pwcmoneytree.com

Investments by region

Q4 2013, Q3 2014, and Q4 2014

Silicon Valley received the highest level of funding for all regions in fourth quarter 2014 with an increase of 41 percent in dollars and 4 percent in deals from the prior quarter with $6.3 billion going into 349 deals. New England received the second highest level of funding and deals completed with $2 billion going into 124 rounds, rising 183 percent in dollars and 24 percent in deals from last quarter. LA/Orange County investments came in third and experienced an increase in dollars, rising by 114 percent, but dropping 18 percent in deals with $1.2 billion going into 64 companies.

Eleven of the 18 MoneyTree™ regions experienced increases in dollars invested in the fourth quarter, including Upstate NY (711 percent increase), Southeast (476 percent increase), and New England (183 percent increase). Nine of the 18 regions experienced increases in the number of deals.



Most active venture investors

Full-year 2014

Kleiner Perkins Caufield & Byers LLC closed the most deals in 2014, with a total of 110 deals. New Enterprise Associates was a close second with 105 deals and Andreessen Horowitz was third with 86 deals. The top 25 most active investors accounted for 33 percent of the deals in 2014.

Firm	**City**	**# of Deals**
Kleiner Perkins Caufield & Byers LLC	Menlo Park, California	110
New Enterprise Associates, Inc.	Menlo Park, California	105
Andreessen Horowitz LLC	Menlo Park, California	86
First Round Capital	Philadelphia, Pennsylvania	81
Google Ventures	Mountain View, California	66
Khosla Ventures LLC	Menlo Park, California	64
Atlas Venture	Cambridge, Massachusetts	62
Sequoia Capital	Menlo Park, California	61
True Ventures	Palo Alto, California	56
SV Angel II Q LP	San Francisco, California	55
Intel Capital Corporation	Santa Clara, California	54
Canaan Partners	Menlo Park, California	54
Bessemer Venture Partners, L.P.	Larchmont, New York	54
General Catalyst Partners LLC	Cambridge, Massachusetts	52
Accel Partners & Co., Inc.	Palo Alto, California	48
Ben Franklin Technology Partners Southeastern PA	Philadelphia, Pennsylvania	46
DreamIt Ventures	Bryn Mawr, Pennsylvania	45
Draper Fisher Jurvetson	Menlo Park, California	45
Foundation Capital	Menlo Park, California	45
Innovation Works, Inc.	Pittsburgh, Pennsylvania	44
Polaris Partners	Waltham, Massachusetts	43
500 Startups, L.P.	Mountain View, California	43
Lerer Ventures	New York, New York	42
Advanced Technology Ventures	Palo Alto, California	42
Redpoint Ventures	Menlo Park, California	42

Most active venture investors

Q4 2014

Advanced Technology Ventures closed the most deals in the fourth quarter 2014, with a total of 27 deals. Kleiner Perkins Caufield & Byers LLC was second with 22 deals and Ben Franklin Technology Partners Southeastern PA was third with 21 deals.

The top 27 most active venture investors accounted for 35 percent of total venture-backed deals for the quarter.

Firm	City	# of Deals
Advanced Technology Ventures	Palo Alto, California	27
Kleiner Perkins Caufield & Byers LLC	Menlo Park, California	22
Ben Franklin Technology Partners Southeastern PA	Philadelphia, Pennsylvania	21
DreamIt Ventures	Bryn Mawr, Pennsylvania	20
Andreessen Horowitz LLC	Menlo Park, California	19
Atlas Venture	Cambridge, Massachusetts	19
Khosla Ventures LLC	Menlo Park, California	19
Bain Capital Venture Partners LLC	Boston, Massachusetts	17
Innovation Works, Inc.	Pittsburgh, Pennsylvania	16
Intel Capital Corporation	Santa Clara, California	16
New Enterprise Associates, Inc.	Menlo Park, California	16
First Round Capital	Philadelphia, Pennsylvania	13
General Catalyst Partners LLC	Cambridge, Massachusetts	13
Sequoia Capital	Menlo Park, California	13
Draper Fisher Jurvetson	Menlo Park, California	12
Google Ventures	Mountain View, California	12
Bessemer Venture Partners, L.P.	Larchmont, New York	11
Mercury Fund	Houston, Texas	11
Spark Capital	Boston, Massachusetts	11
True Ventures	Palo Alto, California	11
Crosslink Capital, Inc.	San Francisco, California	10
Foundation Capital	Menlo Park, California	10
Foundry Group LLC	Boulder, Colorado	10
Frost Data Capital	San Juan Capistrano, California	10
InterWest Partners LLC	Menlo Park, California	10
Polaris Partners	Waltham, Massachusetts	10
U.S. Venture Partners	Menlo Park, California	10

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PwC can help

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

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Let's talk

Please reach out to any of our technology leaders to discuss this or other challenges. We're here to help.

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