

PricewaterhouseCoopers  
National Venture Capital Association

# MoneyTree™ Report

## Q2 2011

Data provide by Thomson Reuters

*The Q2 2011 MoneyTree™ results are in! This special report provides summary results of Q2 2010, Q1 2011, and Q2 2011. More detailed results, including an expanded version of this report, can be found on the MoneyTree™ website at [www.pwcmoneytree.com](http://www.pwcmoneytree.com).*

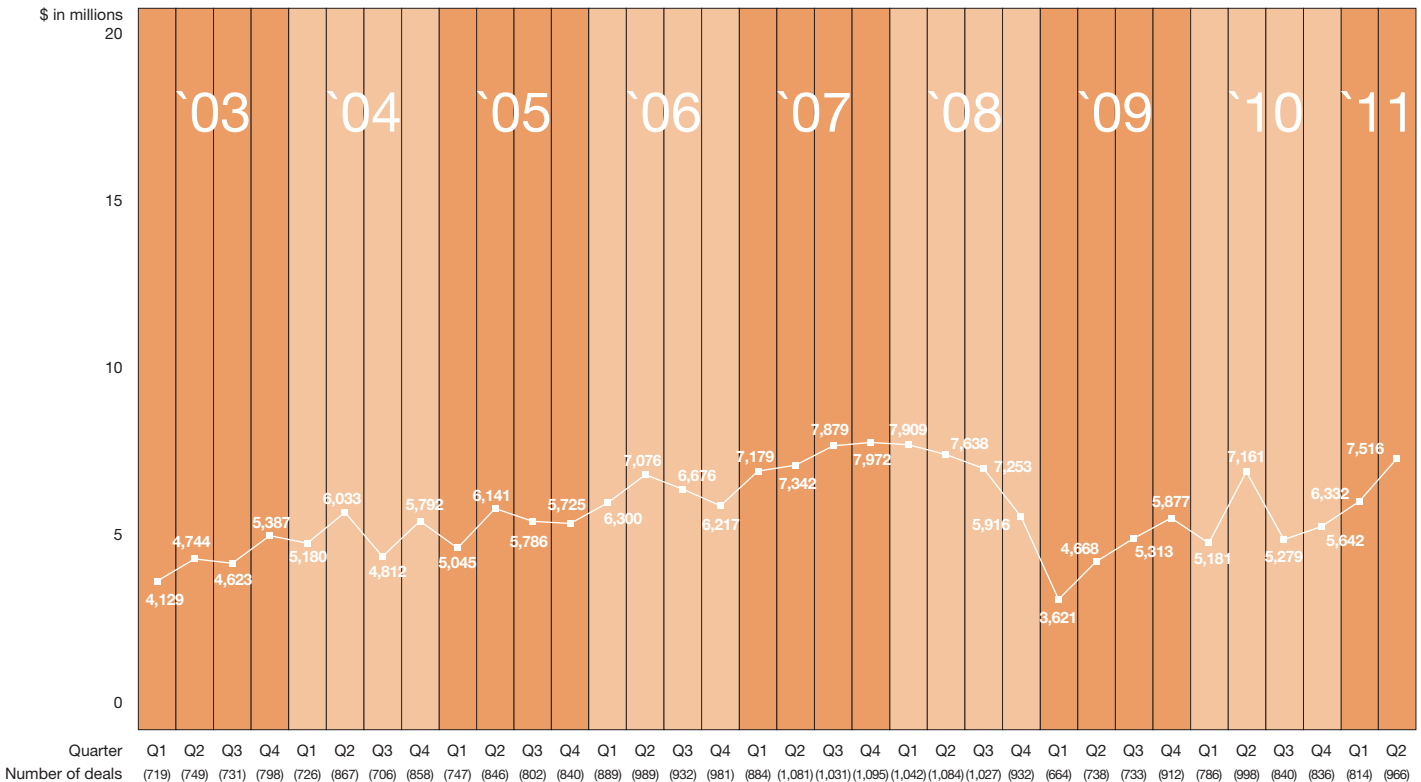


## Total equity investments into venture-backed companies

Venture capitalists invested \$7.5 billion in 966 deals in the second quarter of 2011. Quarterly investment activity increased 19 percent in terms of both dollars and the number of deals compared to the first quarter of 2011 when \$6.3 billion was invested in 814 deals. The quarterly investment level represents the highest total in a single quarter since the second quarter of 2008. The deal count for the first half of 2011 (1,780 deals) is nearly identical to that seen in the first half of 2010 (1,784 deals) while the \$13.8 billion invested in the first half of 2011 represented a 12 percent increase over the \$12.3 billion invested in the first half of 2010.

The Life Sciences sector (biotechnology and medical device industries combined) saw an increase in venture capital dollars invested during the second quarter, rising 37 percent in dollars and 12 percent in deal volume from the prior quarter to \$2.1 billion going into 206 deals.

Investment in Internet-specific companies surged in the second quarter with \$2.3 billion going into 275 companies. This level of investment represents a 72 percent increase in dollars and a 46 percent increase in deals from the first quarter when \$1.4 billion went into 189 deals. The second quarter marks the most dollars going into Internet-specific companies in a decade, since the second quarter of 2001. Five of the top 10 deals this quarter, including the top two deals, were classified as Internet-specific investments, which 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

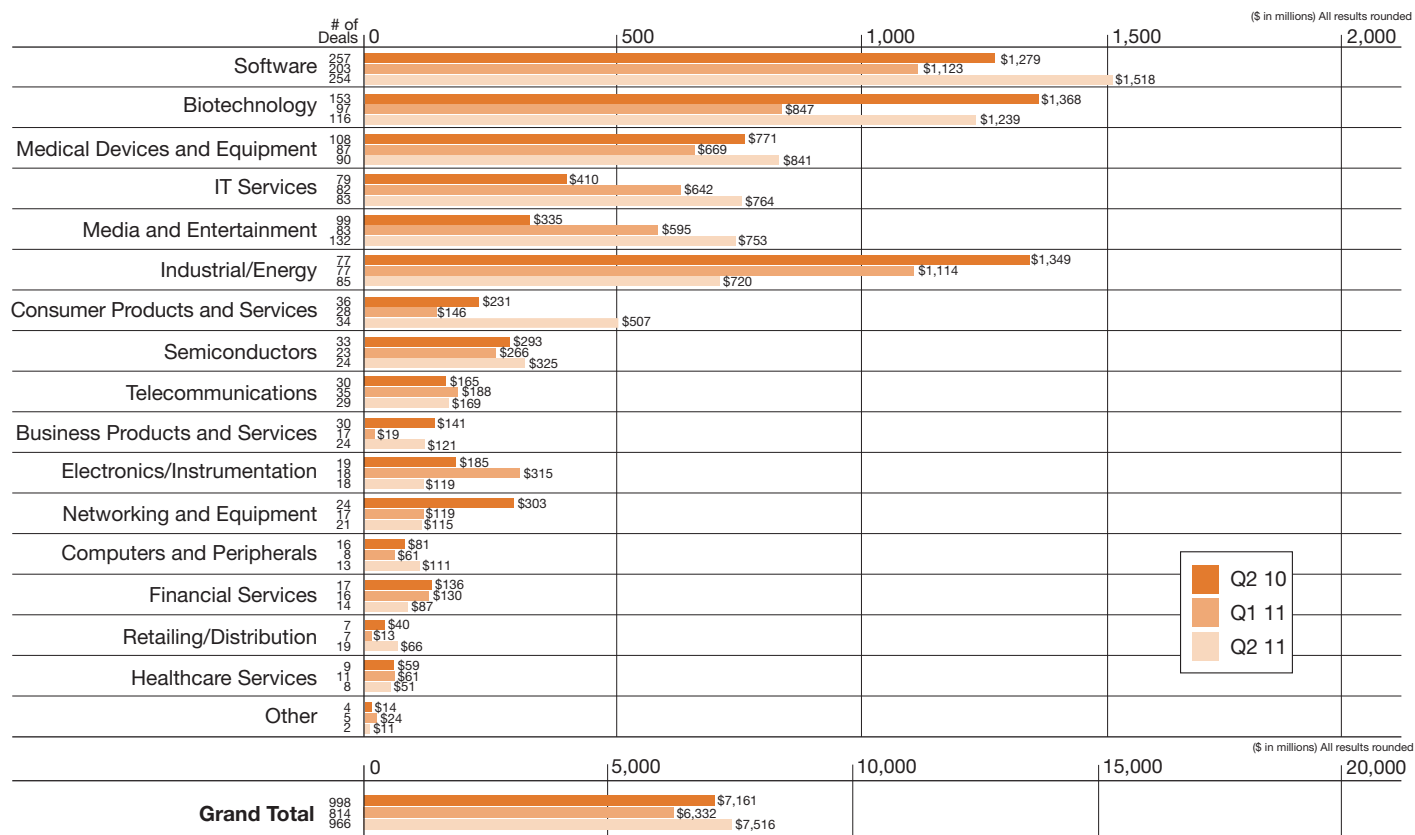
Q2 2010, Q1 2011, and Q2 2011

The Software industry received the highest level of funding for all industries with \$1.5 billion invested during the second quarter of 2011. This level of investment represents a 35 percent increase in dollars compared to the \$1.1 billion invested in the first quarter. The Software industry also had the most deals completed in Q2 with 254 rounds, which represents a 25 percent increase from the 203 rounds completed in the first quarter.

In terms of dollars invested, the Biotechnology industry returned to second place, rising 46 percent from the prior quarter to \$1.2 billion in the second quarter of 2011. The number of deals also rose in the second quarter, increasing 20 percent to 116 from 97 in the first quarter of 2011. The Medical Devices and Equipment industry also experienced an increase, rising 26 percent in Q2 to \$841 million, while the number of deals remained relatively flat at 90 deals in Q2. This sector ranked third overall in Q2 in terms of dollars invested.

The Clean Technology sector, which crosses traditional MoneyTree industries and comprises alternative energy, pollution and recycling, power supplies and conservation, saw a 23 percent decrease in dollars to \$942 million in Q2 from the first quarter when \$1.2 billion was invested. The number of deals completed in the second quarter, however increased 11 percent to 81 deals compared with 73 deals in the first quarter, marking the most active quarter for Clean Technology deals completed in MoneyTree history.

Ten of the 17 MoneyTree sectors experienced double-digit increases in dollars in the second quarter, including IT Services (19 percent increase), Media & Entertainment (27 percent), Consumer Products & Services (248 percent), and Semiconductors (22 percent increase).



Definitions of the industry categories can be found on the MoneyTree™ web site at [www.pwcmoneytree.com](http://www.pwcmoneytree.com)

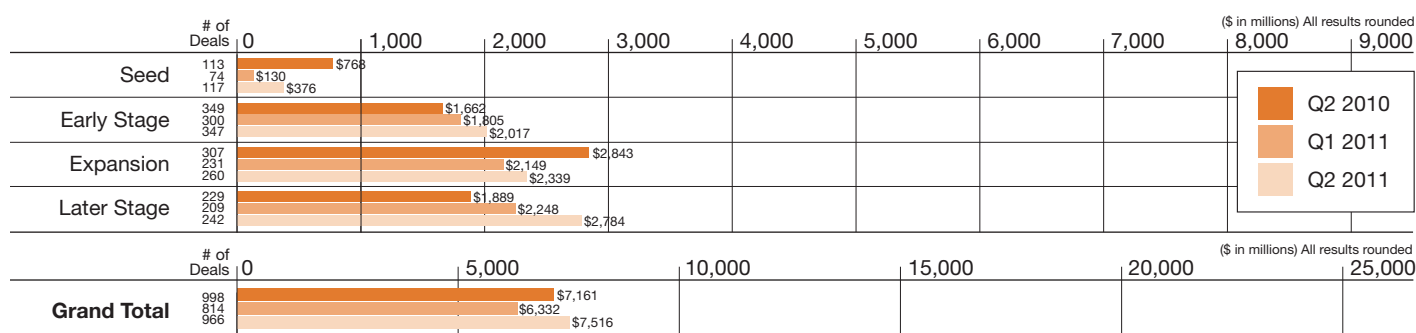
## Investments by stage of development

Q2 2010, Q1 2011 and Q2 2011

Seed and Early stage investments rose 24 percent over the prior quarter in both dollars and deals with \$2.4 billion going into 464 deals in the second quarter. Seed/Early stage deals accounted for 48 percent of total deal volume in Q2, compared to the first quarter when it accounted for 46 percent of all deals. The average Seed deal in the second quarter was \$3.2 million, up from \$1.8 million in the first quarter. The average Early stage deal was \$5.8 million in Q2, down slightly from \$6.0 million in the prior quarter.

Investments in Later stage deals increased 24 percent in dollars and 16 percent in deals to \$2.8 billion going into 242 rounds. Later stage deals accounted for 25 percent of total deal volume in Q2, compared to 26 percent in Q1 when \$2.2 billion went into 209 deals. The average Later stage deal in the first quarter was \$11.5 million, which increased from \$10.8 million in the prior quarter and represents the largest average deal size for Later stage companies since the first quarter of 2004.

Expansion stage dollars increased 9 percent in the second quarter, with \$2.3 billion going into 260 deals. Overall, Expansion stage deals accounted for 27 percent of venture deals in the second quarter, down slightly from 28 percent in the first quarter of 2011. The average Expansion stage deal was \$9.0 million, down from \$9.3 million in the prior quarter.



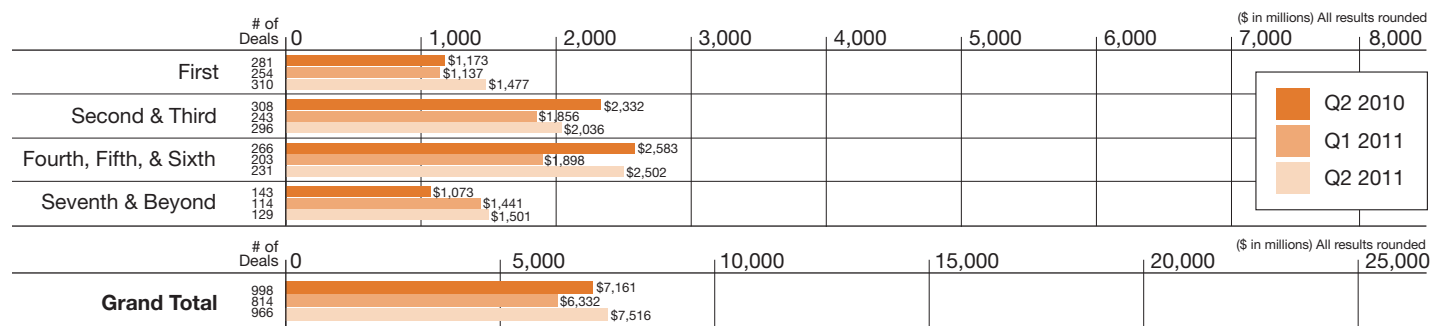
Definitions of the Stage of development categories can be found on MoneyTree™ web site at [www.pwcmoneytree.com](http://www.pwcmoneytree.com)

## Investments by sequence of financing

Q2 2010, Q4 2010, and Q1 2011

First-time financing (companies receiving venture capital for the first time) dollars increased 30 percent and the number of deals rose 22 percent with \$1.5 billion going into 310 deals. First-time financings accounted for 20 percent of all dollars and 32 percent of all deals in the second quarter, compared to 18 percent of all dollars and 31 percent of all deals in the first quarter of 2011.

Companies in the Software, Biotechnology, and Media & Entertainment industries received the highest level of first-time dollars. The average first-time deal in the second quarter was \$4.8 million, up from \$4.5 million in the prior quarter. Seed/Early stage companies received the bulk of first-time investments, garnering 61 percent of the dollars and 77 percent of the deals, an increase from 56 percent of dollars and 75 percent of deals seen in Q1 2011.



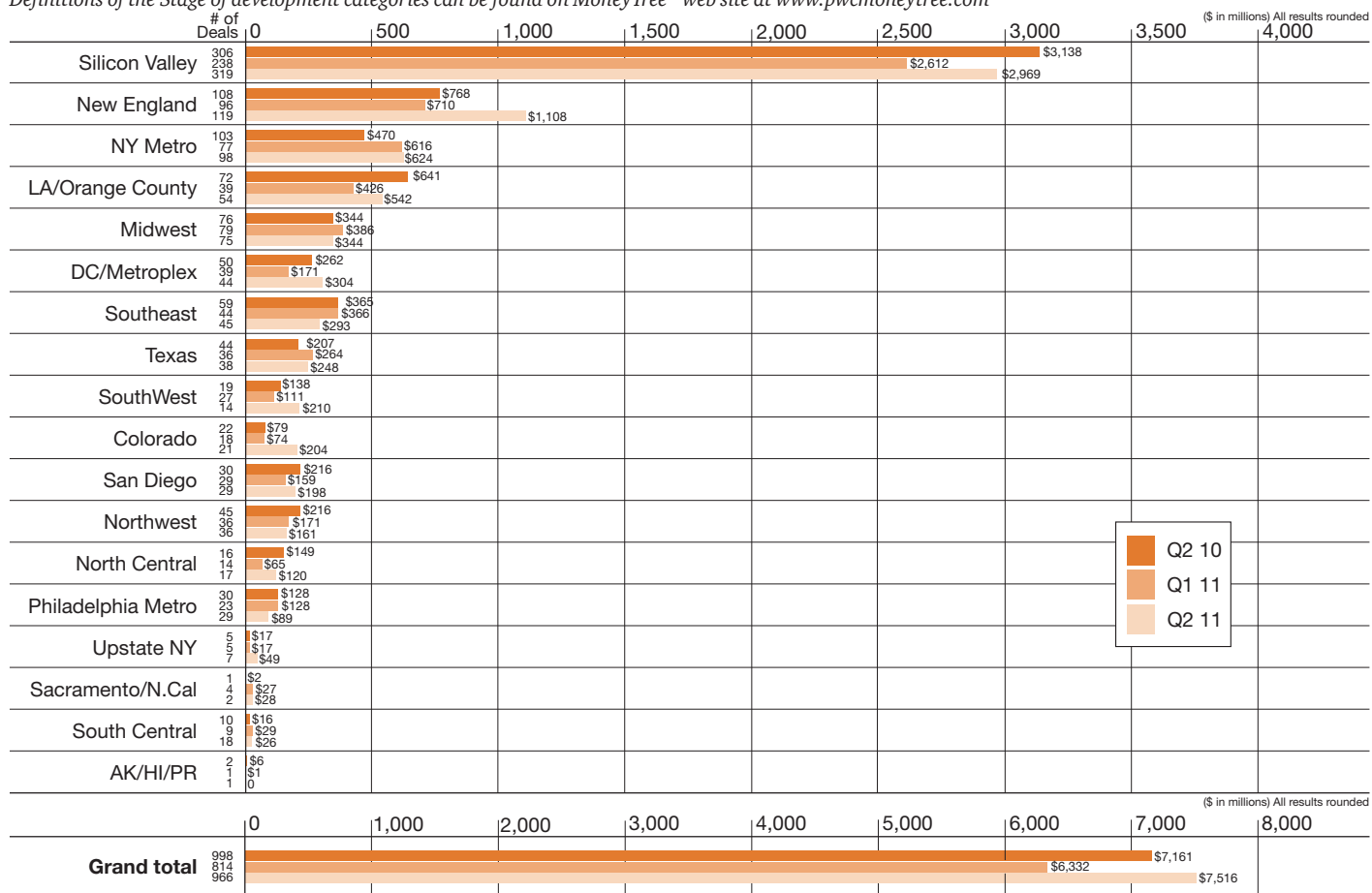
Definitions of the Financing Sequence categories can be found on the MoneyTree™ web site at [www.pwcmoneytree.com](http://www.pwcmoneytree.com)

## Investments by region

Q2 2010, Q1 2011, and Q2 2011

Silicon Valley continued to dominate venture capital dollars, capturing 39 percent of the \$7.5 billion invested in US-based companies throughout the quarter. The New England Region remained in second place, with a 44 percent increase in dollars compared to Q2 2010 funding and a 24 percent increase in deals over last quarter. New York Metro received 8 percent of total US dollars and 10 percent of deals in the second quarter. The Midwest was the only region in the top five to report a decrease in funding compared to the first quarter of 2011.

Definitions of the Stage of development categories can be found on MoneyTree™ web site at [www.pwcmoneytree.com](http://www.pwcmoneytree.com)



Definitions of the Region categories can be found on the MoneyTree™ web site at [www.pwcmoneytree.com](http://www.pwcmoneytree.com)

Unknown region totals not included

## Q2 2011 most active venture investors

New Enterprise Associates was the most active investor for the quarter. Kleiner Perkins Caufield & Byers and First Round Capital shared the second place slot with 28 deals a piece. The 35 most active venture investors accounted for 20 percent of total venture-backed deals in the first quarter. Most active are those investors who participated in 9 or more deals.

Firm	City	# of deals	Firm	City	# of deals
New Enterprise Associates, Inc.	Menlo Park, CA	31	Domain Associates LLC	Princeton, NJ	12
First Round Capital	West Conshohocken, PA	28	Polaris Venture Partners	Waltham, MA	12
Kleiner Perkins Caufield & Byers	Menlo Park, CA	28	Founder Collective	Somerville, MA	11
Draper Fisher Jurvetson	Menlo Park, CA	24	Mohr Davidow Ventures	Menlo Park, CA	11
Greylock Partners	Cambridge, MA	17	Sequoia Capital	Menlo Park, CA	11
North Bridge Venture Partners	San Mateo, CA	16	Trinity Ventures	Menlo Park, CA	11
Accel Partners	Palo Alto, CA	14	Versant Ventures	Menlo Park, CA	11
Highland Capital Partners LLC	Lexington, MA	14	Atlas Venture, Ltd.	Cambridge, MA	10
SV Angel	Palo Alto, CA	14	Floodgate Fund, L.P.	Palo Alto, CA	10
Andreessen Horowitz	Menlo Park, CA	13	General Catalyst Partners	Cambridge, MA	10
DreamIt Ventures	Philadelphia, PA	13	Lightspeed Venture Partners	Menlo Park, CA	10
Intel Capital	Santa Clara, CA	13	Norwest Venture Partners	Palo Alto, CA	10
Kansas Technology Enterprise Corporation	Topeka, KS	13	RRE Ventures LLC	New York, NY	10
Redpoint Ventures	Menlo Park, CA	13	Battery Ventures, L.P.	Waltham, MA	9
Sutter Hill Ventures	Palo Alto, CA	13	Canaan Partners	Westport, CT	9
Charles River Ventures	Waltham, MA	12	Ignition Partners	Bellevue, WA	9
DFJ Mercury	Houston, TX	12	Rho Capital Partners, Inc.	New York, NY	9
			U.S. Venture Partners	Menlo Park, CA	9

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**Contacts**

**Tracy T. Lefteroff**

Global Managing Partner  
Venture Capital Practice  
tracy.t.lefteroff@us.pwc.com

**David Silverman**

Emerging Company Services Practice Co-lead  
david.silverman@us.pwc.com

**Danny Wallace**

Emerging Company Services Practice Co-lead  
danny.wallace@us.pwc.com

**Deborah Volpe**

MoneyTree Project Manager  
deborah.volpe@us.pwc.com

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