



## **WTIA Venture Capitalist Outlook Survey Shows Investment Steadily Increasing**

***Seed stage investment and hiring on the rise; navigating economic recovery remains top-of-mind***

**SEATTLE, WASH – April 19, 2010** – Today, the [Washington Technology Industry Association](#) (WTIA) released the results of its Q2 2010 Venture Capital Outlook Survey. The venture capital (VC) community in Washington continues to express optimism for growth of their portfolio companies in terms of revenue and hiring, and predicts an increase in early stage investments. Despite the positive momentum predicted for Q2 2010, VCs remain concerned about the status of the economic recovery and overall business conditions.

“The predicted growth in hiring and increasing company revenues substantiate our prediction last quarter that overall growth and recovery for the Washington technology industry is on the near-term horizon,” said Susan Sigl, president and CEO of the WTIA. “With nearly half of the VCs surveyed reporting an increase in early stage investment and none predicting large-scale layoffs, the technology sector has become less volatile. VCs and their portfolio companies are finally starting to see the light at the end of a long, dark tunnel.”

The WTIA queries top VC firms statewide about indicators for the coming quarter and insights on topics such as deal quality, deal quantity, expected exits and various business metrics for their portfolio companies. Results are compared to previous quarters. Key highlights from the Q2 2010 survey include:

- **Projected increases in hiring.** VC firms predict twenty-five percent of portfolio companies will increase their workforce by more than ten percent. In addition, no respondents predicted layoffs of more than ten percent. This marks the strongest response on company workforce growth since the third quarter of 2008.
- **Second consecutive quarter of expected growth in revenues.** The vast majority of respondents expect their portfolio companies to perform better in the coming quarter. Sixty-three percent of VCs predict “moderately better growth” among their portfolio companies and thirteen percent predict “substantially better growth.” The remaining twenty-five percent predict revenue will remain the same.

- **Rising early-stage investments.** Investors are looking at making more early bets. Forty-three percent of respondents expect new investments will be in seed-stage companies. This is the largest response for seed investments in the two-and-a-half year history of this survey.
- **Ongoing concerns regarding market conditions and economic recovery.** Despite a steadily improving outlook, investors continue to worry about the potential for the overall economy to negatively impact their portfolio companies. Top challenges continue to be uncertain national business conditions and the slow pace of economic recovery, as they have for the past four quarters.

“I would characterize the current climate as one of cautious optimism,” said Bill McAleer, Managing Director, Voyager Capital. “As the economy stabilizes, the VC community is becoming more comfortable making near-term investments. It’s probably too early to say that we’re entirely out of the woods yet, but the indicators — in terms of hiring and revenue growth projections — are going in the right direction.”

The summary and full results of the survey are available on the WTIA’s Web site:

<http://www.washingtontechnology.org>.

This survey is sponsored by Ernst & Young and Perkins Coie and developed in partnership with Evergreen Venture Capital Association.

Full Summary: [http://www.washingtontechnology.org/documents/WTIA\\_VCOS\\_Summary\\_Q2\\_2010.pdf](http://www.washingtontechnology.org/documents/WTIA_VCOS_Summary_Q2_2010.pdf)

Raw Data: [http://www.washingtontechnology.org/documents/WTIA\\_VCOS\\_Raw\\_Data\\_Q2\\_2010.pdf](http://www.washingtontechnology.org/documents/WTIA_VCOS_Raw_Data_Q2_2010.pdf)

### **About the Washington Technology Industry Association**

The Washington Technology Industry Association, founded in 1984, is one of the largest statewide associations of technology companies, IT departments and individual technology professionals in North America. With more than 1,000 members representing more than 125,000 employees in Washington State, the association is a catalyst for sharing expertise, fostering collaboration, delivering key business services and advancing the value and global impact of technology companies doing business in Washington. The association’s global partners are Microsoft, Regence BlueShield, Vertafore and Wells Fargo Insurance Services. The association’s funding partners are AH&T Insurance, F5 Networks, Moss Adams LLP and RealNetworks. For more information, go to [www.washingtontechnology.org](http://www.washingtontechnology.org).

###

### **Media Contact:**

Jeanine Dellinger  
Sterling Communications for WTIA

206-388-5758

[jdellinger@sterlingpr.com](mailto:jdellinger@sterlingpr.com)