

# WASHINGTON TECHNOLOGY

industry association



## Venture Capital Outlook Survey Second Quarter 2010

### Summary Report

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## Venture Capital Outlook Survey Second Quarter 2010

Venture Capitalists, financing Washington’s early-stage investments, were polled as part of the Washington Technology Industry Association’s quarterly Venture Capital Outlook Survey --- an ongoing look at the Venture Capital investing climate in Washington State.

This survey queries top, local VC firms about indicators for the coming quarter and explores such topics as projected deal quality, deal quantity, expected exits, and portfolio-company condition --- all in comparison to the preceding quarter.

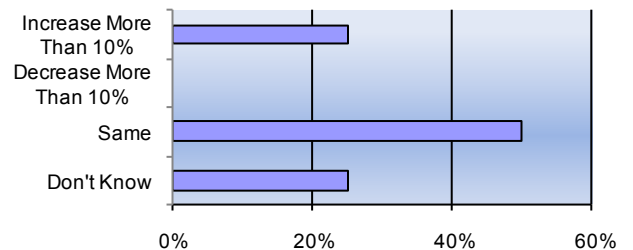
The WTIA worked closely with the local VC community to both develop this survey and obtain their commitment to participate on a quarterly basis. It is believed this information will be helpful to Washington State investors, entrepreneurs, and governmental institutions as they seek to understand the Venture Capital investment climate as viewed by those who make local investments.

“Steady as she goes.” - Portfolio company hiring continues; Revenue outlook of portfolio company moderately better; VC’s moving investments earlier in lifecycle.

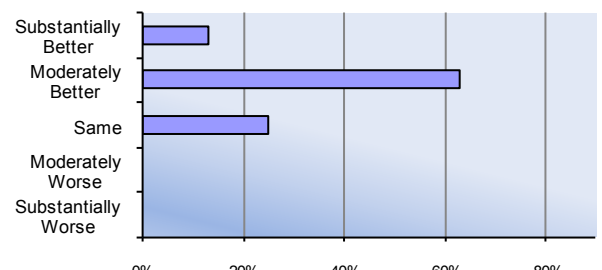
### Key Data Points:

- ⇒ VC’s see continued hiring among portfolio companies with 25% predicting companies will increase workforce by more than 10% - no respondent predicts layoffs of more than 10%. This marks the strongest response on company workforce-growth since the third quarter of 2008.
- ⇒ For the second consecutive quarter a strong majority of VC’s predict better revenue growth among their portfolio companies with 63% predicting moderately better growth and 13% predicting substantially better growth. The remaining 25% predict revenue will remain the same.
- ⇒ VC’s moving funds earlier in company lifecycles. Forty-three percent of respondents expect new investments will be seed stage. This is the largest response for seed investments in this survey’s two-and-a-half year history.
- ⇒ Top challenges facing portfolio companies continue to be national business conditions and navigating through the economic recovery as well as overall market growth. This is consistent over the past four quarters.
- ⇒ One company is predicted to go public and one company is predicted to be acquired in the fourth quarter.

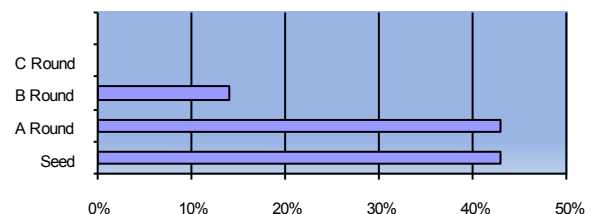
**Portfolio Company Workforce**



**Portfolio Company Revenue Growth**



**General Stage of NEW Investments**





*The Washington Technology Industry Association publishes the results of this survey on a quarterly cadence and believes the value of the data will only increase over time. We appreciate the time and support of the participants.*

*The full report is available at [www.washingtontechnology.org](http://www.washingtontechnology.org) which includes the percentile responses by each of the 21 questions explored in this survey. For questions or comments on this survey, please contact David Kosciuk at 206.448.3033 x134, [dkosciuk@washingtontechnology.org](mailto:dkosciuk@washingtontechnology.org). For media inquires, please contact Kevin Pedraja at Sterling Communications, [kpedraja@sterlingpr.com](mailto:kpedraja@sterlingpr.com).*

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