



FOR IMMEDIATE RELEASE

Washington Technology Industry Association Unveils Venture Capital Outlook Survey

*Cautious optimism continues; inability to
find top executive talent is the greatest challenge*

SEATTLE – (Feb. 13, 2008) – The Washington Technology Industry Association – the largest statewide association of technology companies, IT departments and individual technology professionals in North America – released the findings of its Venture Capital Outlook Survey for the first quarter of 2008.

More than a dozen venture capital firms financing Washington’s early stage company investments were polled as part of the association’s inaugural Venture Capital Outlook Survey, which will be an ongoing look at the venture capital investing climate for the coming quarter in Washington state.

Survey topics include projected deal quality and quantity, expected exits and portfolio company condition – all in comparison to the preceding quarter.

For the first quarter of 2008, respondents said the greatest challenge facing their portfolio companies is the inability to find top executive talent. Availability of capital and local business conditions were consistently at the bottom of the list of challenges.

“We are excited to provide these survey results to our members and the venture capital community on a quarterly basis,” said Ken Myer, president and CEO of the Washington Technology Industry Association. “I’m intrigued to see how the results of this survey evolve over time.”

Other highlights from the recent study, which was sponsored by Ernst & Young and Perkins Coie, include:

- New deal valuations appear relatively stable as compared to the fourth quarter of 2007, with the possibility of increased valuations for both early-stage (pre-revenue) and mid-stage (revenue up to \$10 million) investments. Conversely, later-stage (more than \$10 million) deal valuations show the potential of moving moderately lower.
- Of all the respondents, 75 percent indicated that they would be making one to two new investments in the first quarter, with the number of follow-on investments ranging from zero to five for each firm. A majority of the new investments were considered “A” round and were in the \$3 - \$6 million range.

- The biggest challenge for the investment environment in the first quarter appears to be the deteriorating public markets and the outlook for the overall economy, which could affect follow-on financing rounds and company exits.
- Regarding the condition of their existing investment, most respondents expected their portfolio companies to see positive revenue and employment growth for the first quarter. Half of the respondents expected that revenue growth of their portfolio companies will be moderately better than the fourth quarter of 2007, and 88 percent were expecting workforce growth of more than 10 percent.
- In terms of portfolio company exits, one venture firm projected an IPO for one of their investments, and another nine companies were projected to be acquired. In addition, 71 percent of those responding to the survey projected no off-shoring of any significant business functions.

The full results, as well as a summary of the survey, are available on the association's Web site at www.washingtontechnology.org.

About the Washington Technology Industry Association

The Washington Technology Industry Association, founded in 1984, is the largest statewide association of technology companies, IT departments and individual technology professionals in North America. With more than 1,000 member companies representing more than 100,000 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 Davis Wright Tremaine LLP, Microsoft, Regence BlueShield, The Hartford and Wells Fargo Insurance Services. The association's funding partners are AH&T Insurance, Blink Interactive, Inc., Comerica Bank and RealNetworks. For more information, go to www.washingtontechnology.org.

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