Venture View Predictions Survey 2010

This year, the National Venture Capital Association asked its members: What will you or your firm do differently in 2010?

Please respond in 140 characters or less…. *

Change Investment Stage Strategy

"As start-up capital efficiency continues to improve, we will do more earlier stage deals." – *John Backus, Managing Partner, New Atlantic Ventures*

"Embrace more universities into our seed stage model." - *Rudy Garza, Managing Partner, G51 Capital*

"500K to 1M as early as possible in great teams = early stage investing." - *Steve Fredrick, General Partner, Grotech Ventures*

Will do more seed and early stage

Consider more later-stage investments

More late stage investments including PIPES

Shift more toward later stage and expansion investments with a greater focus on devices and diagnostics as opposed to therapeutics.

Invest in companies that are closer to generating revenue

Invest in fewer start ups

We will invest in earlier stage deals, returning to our pre-2009 investment focus.

Growth Equity investments

Start an energy seed stage fund

Growth Equity, MedTech

Raise a fund

"We will raise our next fund and continue to invest in consumer-facing Internet companies like Twitter and Zynga." *- Norman Fogelsong, General Partner, Institutional Venture Partners*

Continue diversification of our LP Base

We expect to raise money in 2010

We will slow the investment pace in order to push fundraising to 2011-12.

Creative ways of fundraising

Sell a bit more in public offerings if demand for secondary sales continues

Hired a dedicated IR/Fund Raising professional

Raise our next fund.

Change Investment Strategy

"**We will fund growth more aggressively in 2010 as we come out of the recession." – *Don Rainey, General Partner, Grotech Ventures***

"More reserve capacity per deal and less deals per fund; also build broader syndicate up front at initial investment." *- George Arida, Managing Director, Venture Investors LLC*

We will look for valuations to come into equilibrium and do more transactions at that time." – Jim Hale, Founding Partner, FTV Capital

"With our new $1.2Bn NVP XI fund, we plan to continue our expansion along 3 vectors: 1. Stages (early & late) 2. Regions and 3. Sectors." *- Sergio Monsalve, Principal, NVP*

"We will increase our investment pace because we believe this a great time to invest - innovation and strong companies abound!" *- Jeanne M Sullivan, General Partner, StarVest Partners L.P.*

"Expect to see us be more aggressive seeding new opportunities." *- Michael Greeley, General Partner, Flybridge Capital Partners*

"We will do more investment under better environment for new deals." *- Masatoshi Ueno, CEO/Technology, Yasuda Enterprise Development America Inc.*

"We will find new mistakes to make that we have not made before; but all in all things look pretty strong and the team is optimistic." *- Bob More, General Partner, Frazier Healthcare Ventures*

"Work harder, maintain high standards, and see more companies." *- C.W. Newhall, General Partner, Co-Founder, NEA*

"Since Sep08 we have focused on firms that can reach breakeven on this round. In 2010 our willingness to take finance risk will likely return." *- Bronson Lingamfelter, Associate, Rose Tech Ventures*

Slow down the pace - we were aggressive during the last 18 months. Now it's time to build and harvest.

Less capital intensive companies

More risky

Focus more on lower cap deals

Lower valuations

Emphasis on capital efficient business models

Invest at a slower pace

More health care

Increase use of technology

Focus on companies that create business value and have created multiple channels for delivery of whole product solutions

Continue to focus on non-traditional investments in early stage companies

Strong focus on pipeline development

We anticipate investing more money.

Integrate CRM

Larger deals with higher percentage of ownership

More restrictive covenants on term sheets

Seek companies with burn rates that can tolerate sustained economic problems with the support of only insiders.

Implement more social marketing in microblog format

Less investment activity in medical devices

Fewer but larger deals

Invest in emerging markets

We will prioritize growth equity investments vis-à-vis venture capital, deploying more $ in fewer deals.

Increase mobile related investments

Invest smaller dollar amounts in initial rounds and be more willing to abandon follow-ons.

Increase value in current investments

Look more closely at demonstrated market traction

No longer look at unsolicited deal flow

Be more aggressive on valuation

We will do more lower-cap deals and no high-cap deals

Raise the bar on new investments in order to conserve capital

Start investing again

Medical Devices

More thematic in deal sourcing than ever

Do fewer deals; do deeper due diligence; and analyze performance in detail on a per deal basis

Ask more questions about cash flow management strategy.

Shift portfolio towards healthcare

We will focus efforts on projects that require a lower capitalization

More capital efficient deals with shorter paths to profitability

Spend less time on safe investments with tightly bounded upside.

We will be increasing our investment pace substantially and expect to be realizing more exits than recent years

Spend less time on safe investments with tightly bounded upside.

Remember that every $ counts and raise the bar . . . even higher

We will make more investments! We both raised a fund and our investment criteria in 2009. We will fully focus on investing in 2010

Anticipate Better Exits

"Actually spend meaningful time with investment bankers, again." ***- Gerry Langeler, Managing Director, OVP Venture Partners***

"Take more companies public." – ***Richard Kramlich, General Partner/Co-Founder, NEA***

"The IPO market for VC backed companies will finally reopen in the US and several IPOs will reach $1 billion market capitalizations or more." ***- Pascal Levensohn, Founder and Managing Partner, Levensohn Venture Partners***

Focus more on M&A

We have to find more exits

Move to quicker exits

Work on exits ;-)

Pro-actively engage intermediaries to sell portfolio companies

Look for exits more aggressively

Creative consolidation. We will help stronger portfolio firms acquire smaller ones (vs. focusing only on new investments).

More projects into liquidity

Expand Geography

"For 2010, we plan to broaden our geographic focus to include investments in Europe." ***- John Huntz, Executive Director, Arcapita Ventures***

"It's the global economy stupid. Focus on investments in the USA targeting customers in the ROW (rest of the world)." – ***Trevor Loy, General Partner, Flywheel Ventures***

Add an office in different region of country

Increase our focus on NYC

Open additional offices

Our Firm will focus on more domestic opportunities and be very careful and strategic with our investments.

Investigate the options for investing in Asia (India and China)

Focus on China

Expand the geography of focus

Think more globally

Increase our presence and level of activity outside the US

Explore Syndicate Strategy

"The makeup of seed syndicates will evolve in 2010, as more traditional venture capitalists seek earlier access to capital-efficient deals." - ***Christine Herron, Principal, First Round Capital***

Syndicate more deals with other VCs

Fewer syndicate deals.

Syndications - more broad in medical

Involvement in policy matters and working on syndicates

We will not co-invest with a fund that is more than 3x our capital base

International strategic partnerships

Partner with other corporate VC

Syndicate less.

Nurture Portfolio Companies

"Move to accelerate the development of investment candidates and portfolio companies." - ***Greg Knudson, Director, Rocket Ventures***

Work harder for existing portfolio companies; especially on exit strategy and M&A

Take care of existing portfolio and reserve more capital for current portfolio

Higher percentage of time spent on portfolio companies - preparations for IPO, M&A processes, etc.

Take care of existing portfolio and reserve more capital for current portfolio

Higher reserves for portfolio companies

Reserve more conservatively for future rounds

More focus on portfolio, decreased fund overhead, increase involvement with corporates/strategics

Miscellaneous

"2010 will likely mark the renewal of Corporate Venture Capital as corporations will rediscover the value of tapping external innovation." - *Bernard Slede, Portfolio Manager, HP Corporate Venture Capital*

"2010 will be Brazil's Skype moment." - *Simon Olson, Partner, Draper Fisher Jurvetson, FIR Capital Brazil*

"In 2010 we are going to Carpe Per Diem - Seize the day to make money for our LPs." - *Venky Ganesan, Managing Director, Globespan Capital Partners*

"Corporate venturing & job creation funds." - Thomas O. Gephart, Managing Partner, Ventana Capital

"Relentlessly & w/ seemingly undue precision reverse engineer the early exit to drive w/ great focus what founders do now to grow their cos." - *Becca Braun, President, JumpStart Ventures*

"Hopefully nothing. We're rockin' here at Catamount." - *Jed Smith, Managing Director, Catamount Ventures*

"2010 will be another difficult year for the US venture capital industry as the consolidation of our industry continues and very bad 10yr return numbers are released. The silver lining: it will be a great year to make a few excellent investments." - *Bob Pavey, Morgenthaler Ventures*

Given the recent news; we will do more forensic accounting due diligence before investing.

More BOD members per company; more due diligence

Do more with reduced staffing

Take advantage of improved debt and equity markets

Innovative secondary transactions

Will be very cautious regarding any investment in medical related ventures

Increase the regularity from quarterly to monthly of management's distribution of KPI's to the Board.

Seek greater value and be willing to stay on the sidelines until it appears

Be more aggressive about outreach

Get money to work in a determined yet deliberate way

Have more fun than this year

**** Attributions provided for respondents who volunteered contact information.***