Predictions from the Venture Capital Industry

"Beginning of the end of the Great Seed Experiment - too many companies."
- Michael Greeley, General Partner, Flybridge Capital Partners

"More VC-backed companies will go public in 2012 than any year since 1999. All good companies. 6 months later they will all trade down."
- John Backus, Managing Partner, New Atlantic Ventures

"Venture capital gets back to the basics - well built companies will continue to attract capital and provide strong returns."
- Terry McGuire, Co-Founder and General Partner, Polaris Venture Partners

"Innovation is the single best chance we have to fix the healthcare economy-let's not screw it up by eliminating investment in this sector."
- Lisa Suennen, Managing Member, Psilos Group

"Venture Capital will produce some of its best returns ever over the next 10 years."
- Robert Liptak, Managing Director, Clarus Ventures

"Obama loss finally gives certainty to investors, VC markets and IPOs have record year in -2013"
- Ross Barrett, Founder, BVM Capital

"Last year I predicted the year of the IPO. This year I predict the year of the IPO. Next year, not so much."
- David Hornik, General Partner, August Capital

"In 2012 the Fund and Flip model will be discredited."
- Bill Reichert, Managing Director, Garage Technology Ventures

"Solid State Storage will get hotter."
- Kevin Ober, Managing Director, Divergent Venture Partners

"The VC industry will remain largely misunderstood by the masses, including most in government, and get lumped in with PE."
- Matt Fates, Partner, Ascent Venture Partners

"Venture returns continue to improve while market volatility keeps many institutional investors on the sidelines."
- Bob Ackerman, Founder, Allegis Capital

"Liquidity will no longer be out of fashion."
- Gerry Langeler, Managing Director, OVP Venture Partners

"Facebook IPO Pumps Late Stage Venture Valuations."
- Michael Bego, Partner, Willowridge Partners, Inc.

"The funding of mobile first companies will increase significantly."

- Keith Teare, General Partner, Archimedes Labs, LLC

"We will be quite surprised by the first thousands of human genomes."
- Juan Enriquez, Managing Director, Excel Venture Management

"Vertical E-commerce will have several IPOs."
- Rick Heitzmann, Managing Director, FirstMark Capital

"VC's will distribute more than what they call in 2012."
- Sanjay Subhedar, Managing Director, Storm Ventures

"Venture will continue to support innovation and be seen as a driving force especially in Silicon Valley."
- Nola Masterso, Managing Director, Science Futures

"Pendulum continues to swing."
- John Glanville, General Partner, Athenaeum Capital Partners LLC

"VC activity to rise in 2012."
- Roman Kikta, Managing Partner, Mobility Ventures

"LPs are looking at the rear view mirror which is not pretty but VC's are seeing a positive future through the windshield."
- Venky Ganesan, Managing Director, Globespan Capital Partners

"Cleantech investing dollars will fall as large sized rounds drop in frequency. This will be mistaken for a problem."
- Rodrigo Prudencio, Partner, Nth Power LLC

"The venture industry is in trouble...lack of new capital, lack of exits....poor IRR's for the sector. need for business model innovation."
- Rick Anderon, Managing Director, PTV Sciences

"2012 will be the year of renewable energy."
- Bart Stuck, Managing Director, Signal Lake

"Continued contraction of bio-pharma venture will bring the industry closer to the tipping point from a market and a club."
- Stan Fleming, Managing Member, Forward Ventures

"More positive visibility in 2012"
- Bon French, CEO, Admas Street Partners

"Good year."
- Presidio Ventures

More Predictions Regarding….

Industry Contraction

"Risk capital will continue to dry up substantially, following the contraction of the past 6 months."

"Tough times will continue."

"Continued contraction"

"Dramatic contraction"

"VC funding continues to decline with a flight to quality deals"

"Another year of VC consolidation and partner reshuffling"

"A few bright starts, but a slog for the rest."

"Number of early stage funds will decrease; outside of Silicon Valley and New England, VC will suffer."

"Fewer VC firms actively investing"

"Multi-stage mega-funds will fall from favor with a return to specialized boutique firms"

"Number of venture firms will continue to decline; healthcare investing decreases precipitously."

"Resizing of the market will provide better opportunities at better prices."

"Fundraising continues to contract."

"Low performing firms will be weeded out."

"Too many companies, not enough Series A/B capital"

"Continued rationalization"

"Much uncertainty related to the economy as a whole"

"Trend towards fewer funds with more capital driven by homeruns"

"It's going to get worse before it gets better."

"Despite great headline IPOs and increasing M&A activity in 2012, industry 'rightsizing' will continue."

"50% shrinkage from peak"

"Life science investment will not increase until we decide who pays for innovation, or maybe simply 'who pays for healthcare?'"

"Keeping heads above water"

"Tech valuations implode...Groupon trades at $7B market cap."

“VC industry will continue to consolidate with fewer firms and larger funds for the survivors.”

“Institutions reduce VC allocations.”

“The average returns will continue to be poor.”

“More than 10 VC firm closings”

“The decline in active managers will continue.”

“The rich get richer. The poor get poorer.”

“A year of continued contraction”

“Medical device series A investing will continue to decrease.”

“Restructure the model or disappear.”

“We will see early signs of a major correction.”

“Will look more like 2008 than 2011”

“Very inconsistent, bad deals done at high prices”

“With dwindling LP interest in the asset class, lots of VCs will take "early retirement"”

“Fundraising continues to remain tough.”

“Venture capital fundraising will not improve until there is more liquidity from IPO's.”

“Venture capital investment activity will stagnate until we are through the election.”

“Continued shakeout, but those that survive will thrive. Great time to invest!”

<u>Positive Forecasts</u>

“IPOs galore”

“Similar to 2011 but towards the end of the year all investment will increase if Obama is not re-elected.”

“Innovative GP models besides "2&20" will emerge.”

“Corporate venture is here to stay.”

“The birth of a new VC boom time”

“Venture capital investments will increase in 2012”

“Quality will improve, value improved, IPO market stable”

“Hail Facebook! Long live Facebook.”

“2012 will come to be a highly competitive vintage year for VC funds.”

“We will see very attractively priced deals, especially Series A & B rounds.”

“Great time to be investing... if you have money!”

“Regional VCs will get more attention.”

“Early stage tech investments funded in 2012 will fare better than those funded in 2011.”

“VC industry will improve in 2012 with better fundraising and exits.”

“Deal flow will increase, slight uptick in new investments.”

“The VC industry will not see a surge in 2012, but a slow and steady increase.”

“We are back to growth, liquidity and global leadership.”

“More liquidity”

“There will be greater awareness of the need to support entrepreneurship in the US.”

“Moderately better environment for the industry.”

“Obama regulations rescinded. America recovers.”

<u>Industry Structure</u>

“Large VCs will continue to downstream & make more early-stage investments.”

“VC is completely bifurcated into large multi stage, multi geo firms and small focused ones.”

“Bifurcation of the venture market - those who have it...and those who wish they had it but want you to pay for it.”

“Small VCs will beat large VCs in returns.”

“Money will be concentrated in fewer firms.”

“Angels will love Google even more -- fund a company, sell it at 5M per engineer to G, laugh all the way to the bank -- VCs not so much.”

“There'll be a shortage of VC as the industry has been investing 2x the capital it has raised in recent years; returns will increase.”

“Risk mitigation will continue to be an industry driver.”

<u>A New Bubble</u>

“Social media bubble”

“The consumer bubble will burst based on the crashing stock price of one or more public companies.”

“There will be some new bubble that starts. Not sure in what.”