

PricewaterhouseCoopers  
National Venture Capital Association

# *MoneyTree™ Report*

## Q2 2013

Data provided by Thomson Reuters

*The Q2 2013 MoneyTree™ results are in! This special report provides summary results of Q2 2012, Q1 2013 and Q2 2013. More detailed results can be found on the MoneyTree™ website at [www.pwcmoneytree.com](http://www.pwcmoneytree.com)*

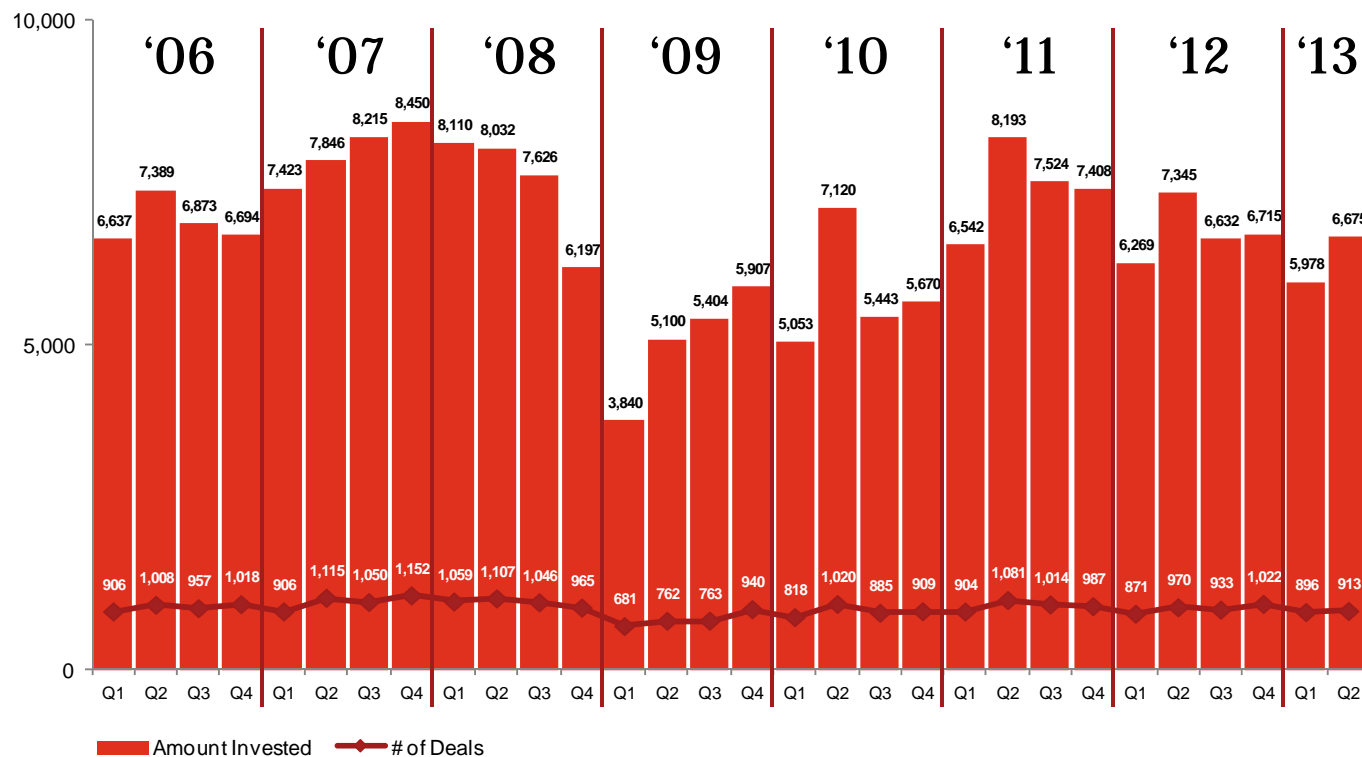


## Total equity investments into venture-backed companies

Venture capitalists invested \$6.7 billion in 913 deals in the second quarter of 2013, according to the MoneyTree™ Report from PricewaterhouseCoopers LLP (PwC) and the National Venture Capital Association (NVCA), based on data provided by Thomson Reuters.

Quarterly venture capital (VC) investment activity rose 12 percent in terms of dollars and 2 percent in the number of deals, compared to the first quarter of 2013 when \$6.0 billion was invested in 896 deals.

(\$ in millions)  
All results rounded



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## ***Investments by industry***

Q2 2012, Q1 2013, and Q2 2013

The Software industry received the highest level of funding for all industries, despite dropping 7 percent from the prior quarter to \$2.1 billion invested during the second quarter of 2013, marking the fifth consecutive quarter of more than \$2 billion invested in the sector. The Software industry also counted the most deals in Q2 at 325; however, this represented a 6 percent decrease from the 345 rounds completed in the first quarter of 2013.

The Biotechnology industry was the second largest sector for dollars invested with \$1.3 billion going into 103 deals, rising 41 percent in dollars and 4 percent in deals from the prior quarter. This increase was driven by the strength of two large funding rounds in the quarter. Medical Device investing of \$543 million into 71 deals represented a 1 percent decline in both dollars and deals. Investments in the Life Sciences sector overall (Biotechnology and Medical Devices) rose 25 percent in dollars and 2 percent in deals, purely on the strength of investing in the Biotech sector. The IT Services industry received the third largest investment total in Q2 with \$654 million going into 88 deals, on the strength of three large deals in the quarter.

Venture capitalists invested \$1.9 billion into 270 Internet-specific companies during the second quarter of 2013. This investment level is 39 percent higher in dollars and 12 percent higher in deals than the first

quarter of 2013 when \$1.3 billion went into 241 deals and is the first time in five quarters that the sector has experienced an increase in investing levels. Five of the largest 10 rounds for the quarter were in the Internet-specific category. 'Internet-Specific' is a discrete classification assigned to a company with a business model that is fundamentally dependent on the Internet, regardless of the company's primary industry category.

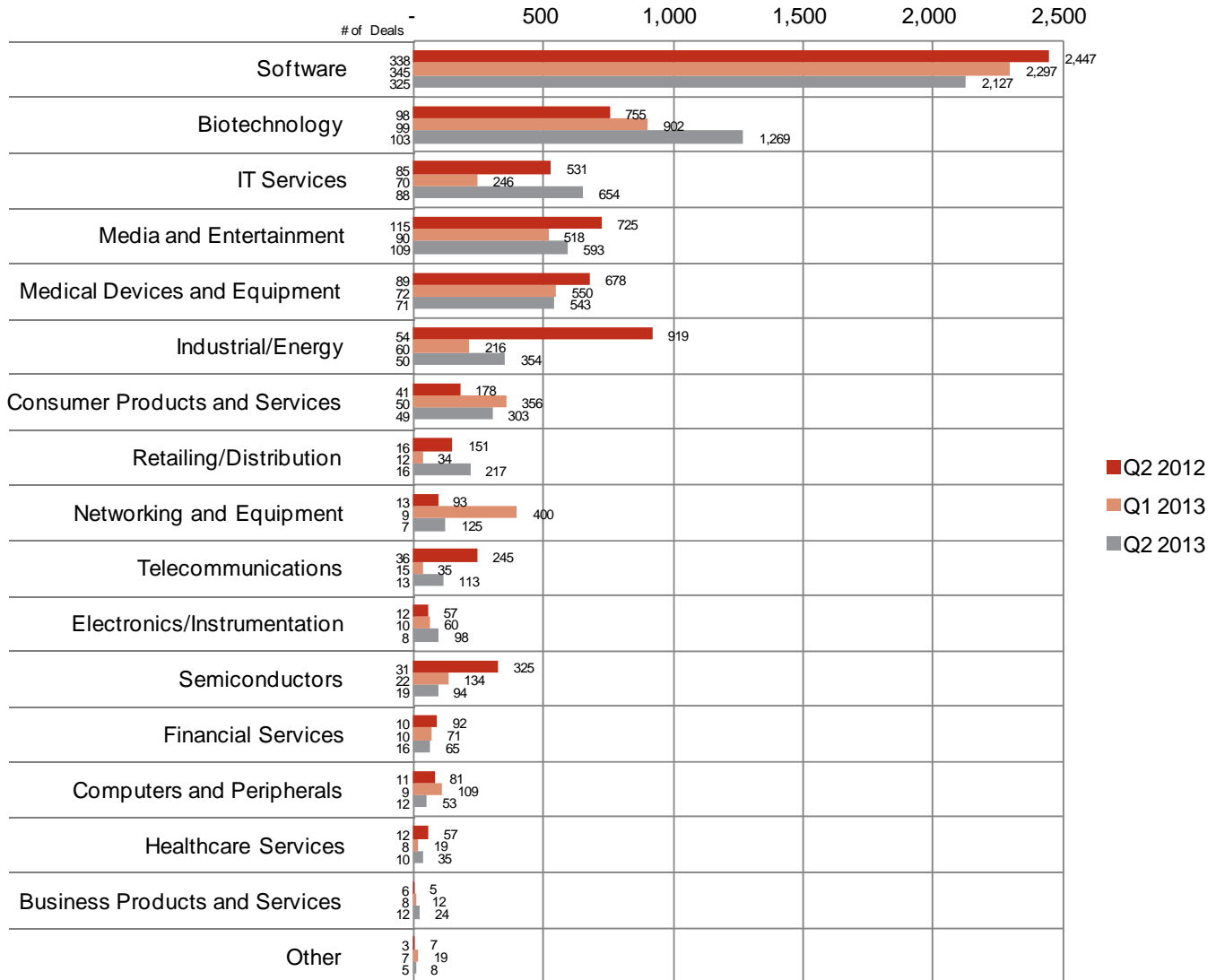
The Clean Technology sector, which crosses traditional MoneyTree industries and comprises alternative energy, pollution and recycling, power supplies and conservation, declined 6 percent in dollars and 31 percent in deals from the prior quarter to \$364 million going into 43 deals. The deal count in Q2 is the lowest since the fourth quarter of 2006 when only 38 Clean Technology companies received an investment. The second quarter of 2013 marks the sixth consecutive quarter of declining investment levels in the Clean Technology sector.

Eight of the 17 MoneyTree sectors experienced decreases in dollars invested in the second quarter, including Networking & Equipment (69 percent decrease), Computers & Peripherals (51 percent decrease), and Semiconductors (30 percent decrease). Dollars invested in the Industrial/Energy sector increased 64 percent during the quarter, which was primarily due to a single large deal, the third largest in Q2.

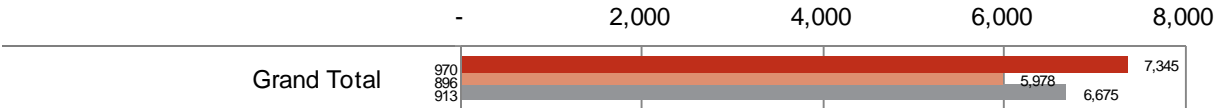
# Investments by industry

Q2 2012, Q1 2013, and Q2 2013

(\$ in millions) All results rounded



(\$ in millions) All results rounded



Definitions of the Industry categories can be found on the MoneyTree™ website at [www.pwcmoneytree.com](http://www.pwcmoneytree.com)

# Investments by stage of development

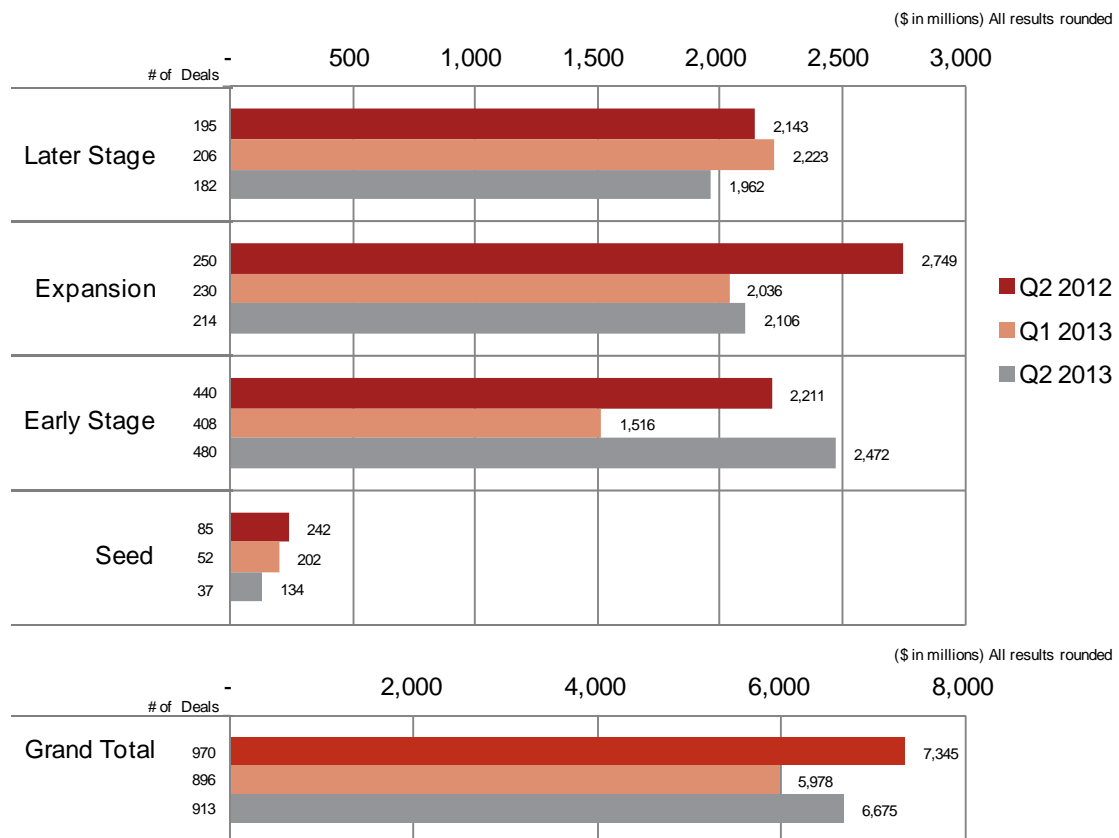
Q2 2012, Q1 2013, and Q2 2013

Seed stage investments dropped 34 percent in dollars and 29 percent in deals with \$134 million invested into 37 deals in the second quarter. Early stage dollar investments rose to their highest level in six quarters, rising 63 percent in dollars and 18 percent in deals to \$2.5 billion going into 480 deals. Seed/Early stage deals accounted for 57 percent of total deal volume in Q2, compared to 51 percent in the first quarter of 2013. The average Seed deal in the second quarter was \$3.6 million, down from \$3.9 million in the first quarter. The average Early stage deal was \$5.2 million in Q2, up significantly from \$3.7 million in the prior quarter.

Expansion stage dollars increased 3 percent in the second quarter, with \$2.1 billion going into 214 deals.

Overall, Expansion stage deals accounted for 23 percent of venture deals in the second quarter, slightly less than the 26 percent seen in the first quarter of 2013. The average Expansion stage deal was \$9.8 million, jumping up nearly \$1 million from \$8.9 million in Q1 2013.

Investments in Later stage deals decreased 12 percent in both dollars and deals to \$2.0 billion going into 182 rounds in the second quarter. Later stage deals accounted for 20 percent of total deal volume in Q2, compared to 23 percent in Q1 when \$2.2 billion went into 206 deals. The average Later stage deal in the second quarter was \$10.8 million, identical to what was seen in Q1 2013.



Definitions of the Stage of Development categories can be found on the MoneyTree™ website at [www.pwcmoneytree.com](http://www.pwcmoneytree.com)

# Investments by sequence of financing

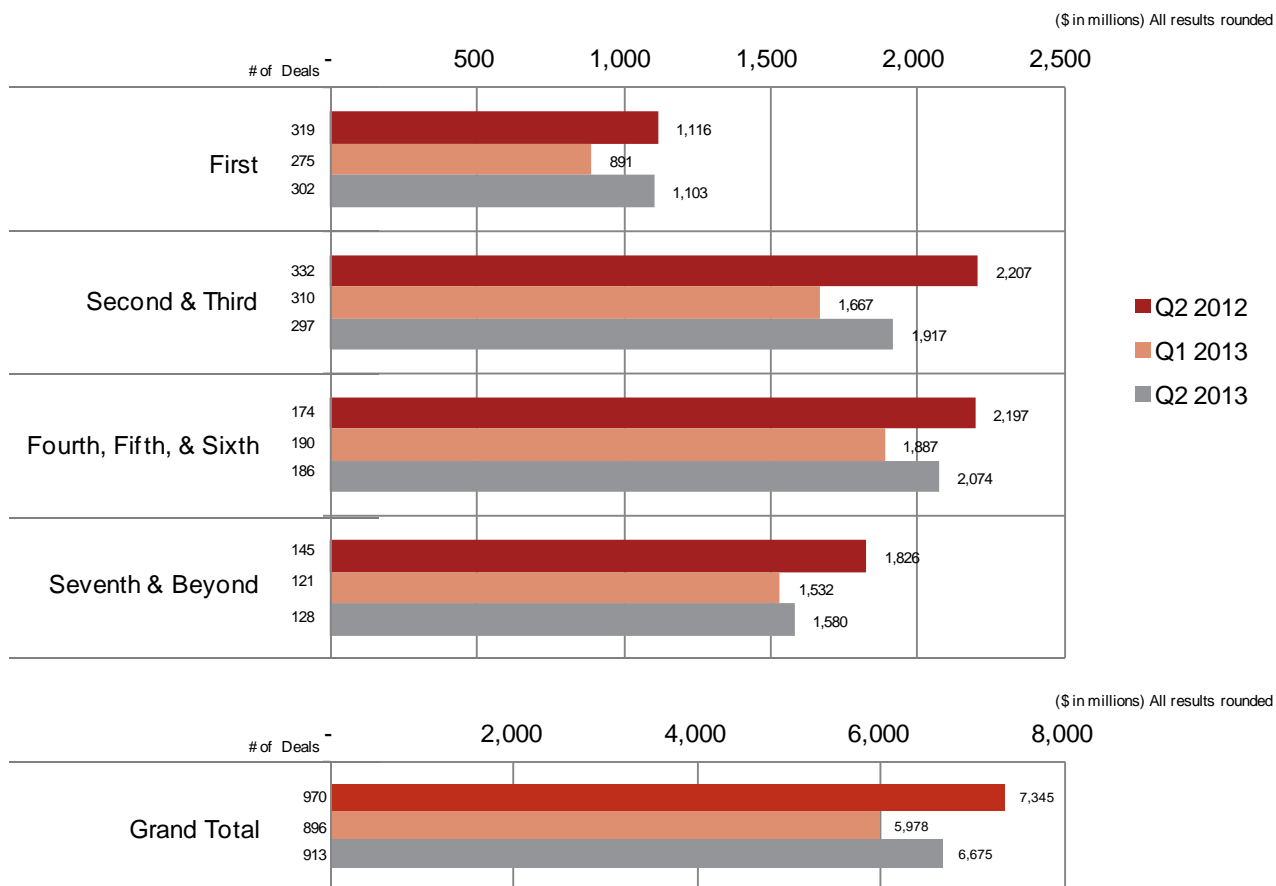
Q2 2012, Q1 2013, and Q2 2013

First-time financing (companies receiving venture capital for the first time) dollars increased 24 percent to \$1.1 billion going into 302 companies in Q2, a 10 percent increase in the number of deals from the prior quarter. First-time financings accounted for 17 percent of all dollars and 33 percent of all deals in the second quarter, compared to 15 percent of all dollars and 31 percent of all deals in the first quarter of 2013. The average first-time deal in the second quarter was \$3.7 million, up from \$3.2 million in the prior quarter.

Companies in the Software industry captured a large portion of first-time investments in the second quarter, accounting for 40 percent of the dollars and 42 percent

of the companies receiving funding in Q2. The Life Sciences sector experienced a dramatic increase, more than doubling in dollars from the prior quarter to \$328 million. There were 33 Life Sciences companies receiving venture capital funding for the first time in Q2 2013, up from only 22 companies in the first quarter.

Seed/Early stage companies received the bulk of first-time investments, capturing 83 percent of the dollars and 85 percent of the deals in the second quarter of 2013, the highest percentage totals for both dollars and deals since the MoneyTree began reporting VC investment levels in Q1 1995.



Definitions of the Financing Sequence categories can be found on the MoneyTree™ website at [www.pwcmoneytree.com](http://www.pwcmoneytree.com)

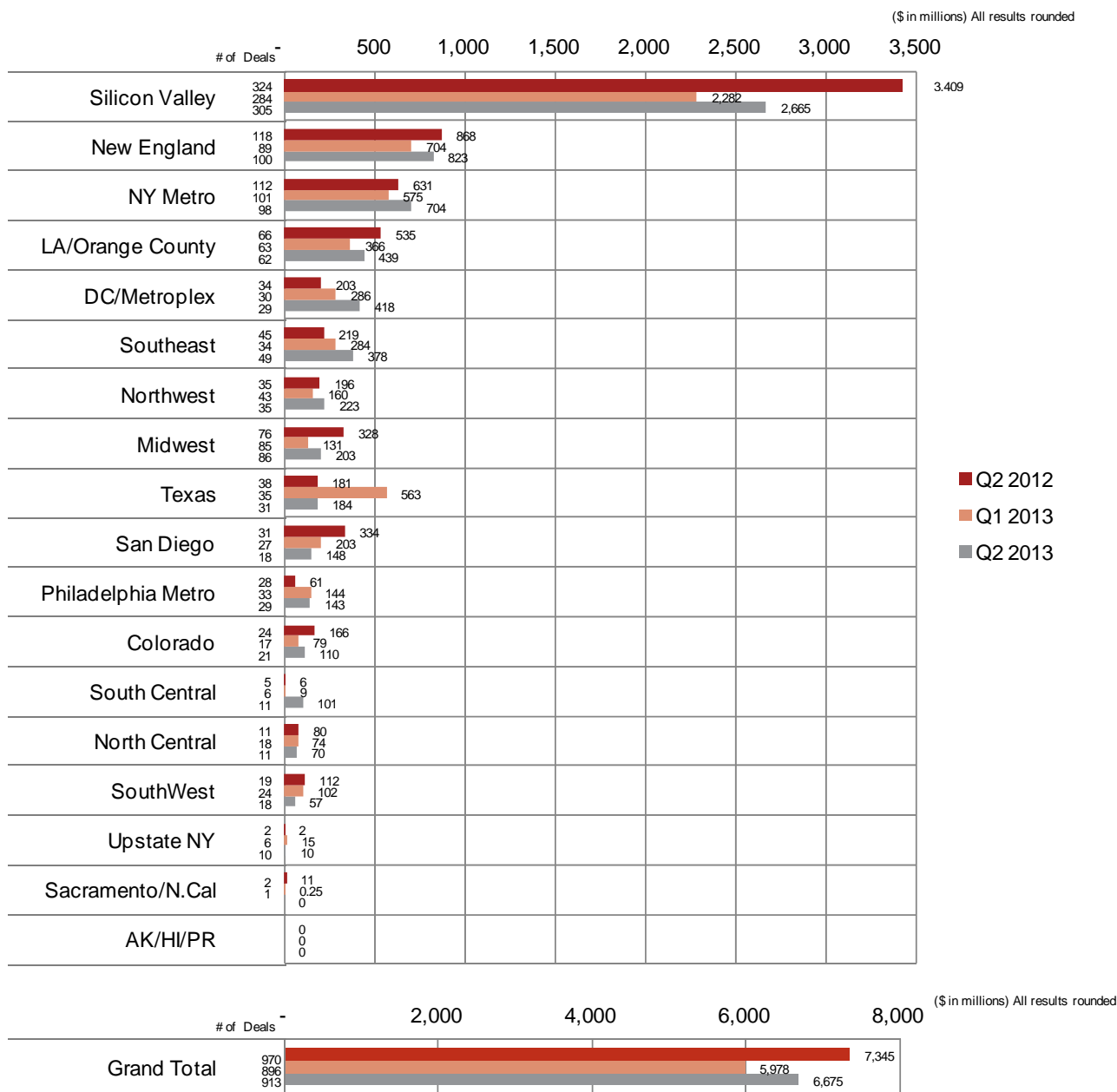
# Investments by region

## Q2 2012, Q1 2013, and Q2 2013

Silicon Valley received the highest level of funding for all regions in second quarter 2013 with an increase of 17 percent from the prior quarter with \$2.7 billion going into 350 deals. New England received the second highest level of funding and deals completed with \$823 million going into 100 rounds, rising 17 percent from last quarter. NY Metro investments also experienced an increase, rising 22 percent in terms of dollars and

dropping 3 percent in deals with \$704 million going into 98 companies.

Ten of the 18 MoneyTree™ regions experienced increases in dollars invested in the second quarter, including South Central (1035 percent increase), Midwest (55 percent increase), and DC/Metroplex (46 percent increase). Seven of the 18 regions experienced increases in the number of deals.



Definitions of the Region categories can be found on the MoneyTree™ website at [www.pwcmoneytree.com](http://www.pwcmoneytree.com)



## Q2 2013 Most active venture investors

Andreessen Horowitz Fund I, L.P. and Kleiner Perkins Caufield & Byers LLC closed the most deals in the second quarter 2013, each with a total of 24 deals. New Enterprise Associates, Inc. was second with 21 deals.

The top 31 most active venture investors accounted for 45 percent of total venture-backed deals for the quarter. Most active are those investors who participated in ten or more deals in the second quarter of 2013.

Firm	City	# of Deals
Andreessen Horowitz Fund I, L.P.	Menlo Park, California	24
Kleiner Perkins Caufield & Byers LLC	Menlo Park, California	24
New Enterprise Associates, Inc.	Menlo Park, California	21
First Round Capital	Philadelphia, Pennsylvania	18
True Ventures	Palo Alto, California	17
500 Startups, L.P.	Mountain View, California	16
Innovation Works, Inc.	Pittsburgh, Pennsylvania	15
Google Ventures	Mountain View, California	14
US Venture Partners	Menlo Park, California	14
Intel Capital Corp	Santa Clara, California	13
Sequoia Capital	Menlo Park, California	13
SV Angel	San Francisco, California	13
Battery Ventures, L.P.	Waltham, Massachusetts	12
Draper Fisher Jurvetson International, Inc.	Menlo Park, California	12
InterWest Partners LLC	Menlo Park, California	12
JumpStart, Inc.	Cleveland, Ohio	12
Lightspeed Venture Partners	Menlo Park, California	12
Polaris Partners	Waltham, Massachusetts	12
Bessemer Venture Partners	Larchmont, New York	11
Canaan Partners	Westport, Connecticut	11
Connecticut Innovations, Inc.	Rocky Hill, Connecticut	11
Founders Fund, The	San Francisco, California	11
Redpoint Ventures	Menlo Park, California	11
Rock Health	San Francisco, California	11
Atlas Venture Advisors, Inc.	Cambridge, Massachusetts	10
Ben Franklin Technology Partners Southeastern PA	Philadelphia, Pennsylvania	10
General Catalyst Partners LLC	Cambridge, Massachusetts	10
Greycroft Partners LLC	New York, New York	10
Khosla Ventures LLC	Menlo Park, California	10
Lerer Ventures II, L.P.	New York, New York	10
Siemer Ventures	Santa Monica, California	10



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