

New Trends in Venture Capital & Innovation

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Version: 09/15/16

How Important is Venture Capital For the U.S. Economy

THE ECONOMIC IMPACT OF VENTURE CAPITAL

VC-BACKED COMPANIES AS A PERCENTAGE OF PUBLIC U.S.
COMPANIES FOUNDED SINCE 1979

43%

Total Number

57%

Total Market
Capitalization

38%

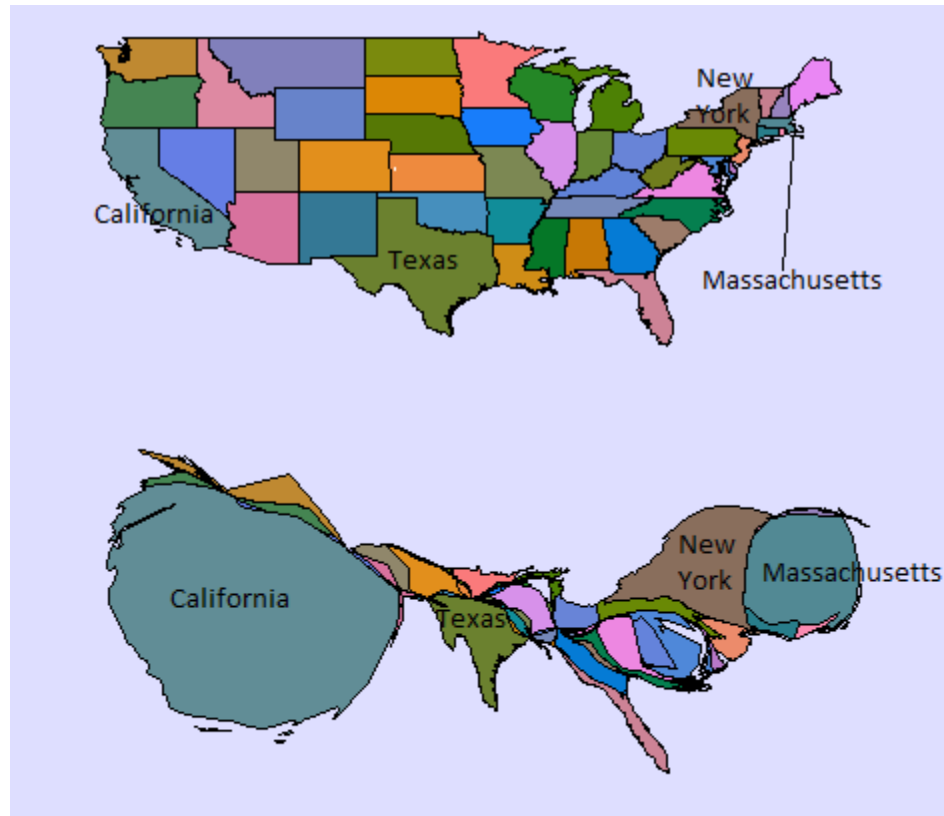
Total Employees

82%

Research &
Development

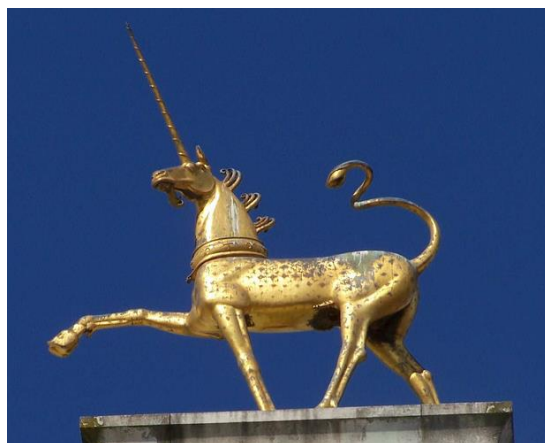
Source: Gornall & Strebulaev (2015)

Where is Venture Capital?



Source: 2015 NVCA Yearbook

The Rise of the Unicorns



u·ni·corn

[ˈyoʊnəˌkôrn]

NOUN

1. a private VC-backed company with valuation over \$1 billion

Most recent statistics

436 unicorns globally

242 in the U.S., **91** in China, and **53** in Europe

166 became unicorns in 2015/2016

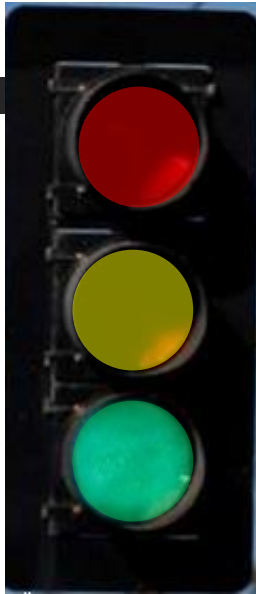
\$1.6 trillion total valuation

New Trends
In VC & Innovation



Do you believe in Unicorn valuations?

Are unicorns overvalued or undervalued?



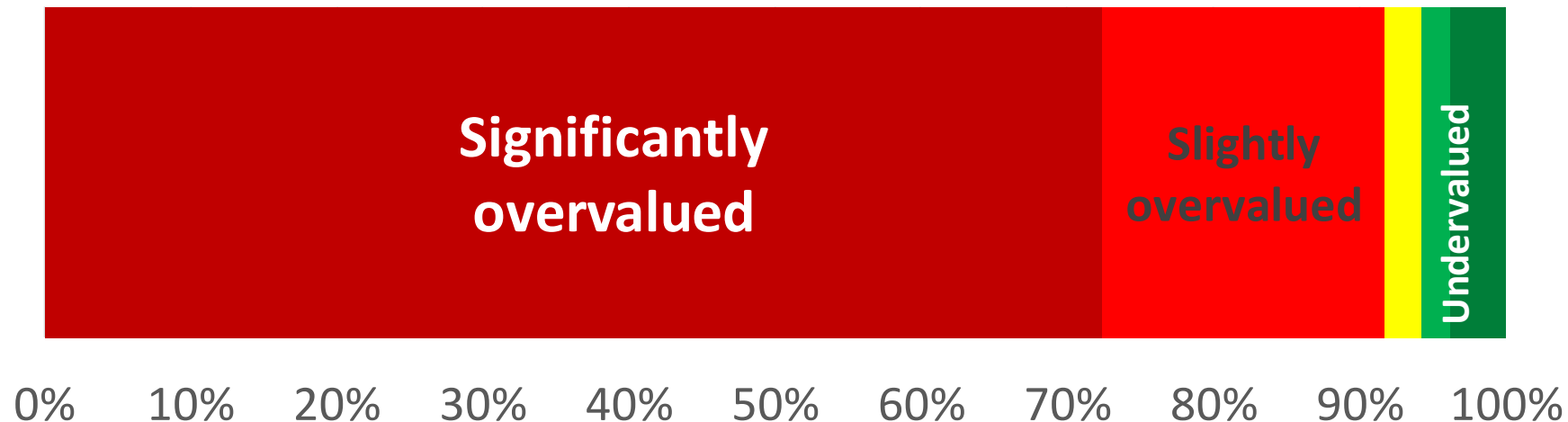
Overvalued?

Fairly valued?

Undervalued?

Do you believe in Unicorn valuations?

- 92% of venture capitalists say unicorns are overvalued



- 93% of VCs invested in unicorns
- 87% of IT VCs
- 92% of top VCs
- 90% of California VCs
- 93% of late-stage VCs

Source: Gompers, Gornall, Kaplan, Strebulaev (2016)

Rise of Corporate Venture Capital

**More than 1,200 companies worldwide
have corporate venture arms**

Quiz time

Who is behind 7-Ventures?





Example of Castrol



The question the Board discussed one day:
What would Castrol do in a world that does not need lubricants?



CEO of Castrol:

“The people we met in SV helped us realize that the future is already here. We saw technologies in development that we had no idea even existed”

Largest US Corporate R&D Spenders

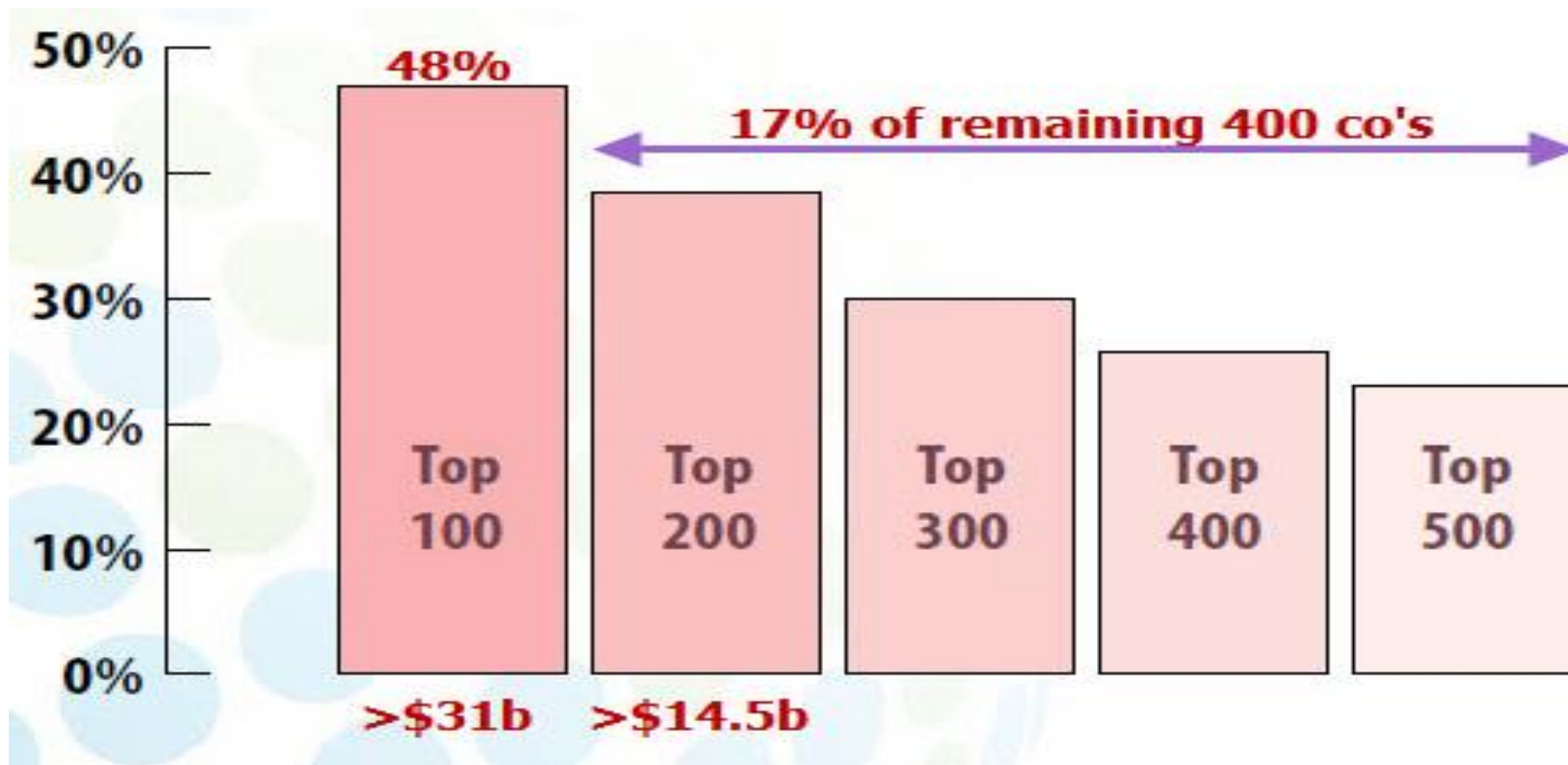
Company	2014 R&D \$b	Corporate VC?
Intel	11.5	Intel Capital
Microsoft	11.4	Microsoft Ventures
Google	9.8	Google Ventures
Amazon.com	9.3	Participates in rounds
Johnson & Johnson	8.7	JJDC
Pfizer	8.4	Pfizer Venture Investments
General Motors	7.4	GM Ventures
Merck & Co	7.2	Merck Research Ventures
Ford	6.9	Fontinalis Partners*
Cisco Systems Inc	6.3	Cisco Investments

*The private VC firm of Bill Ford

Largest Cash-Rich US Companies

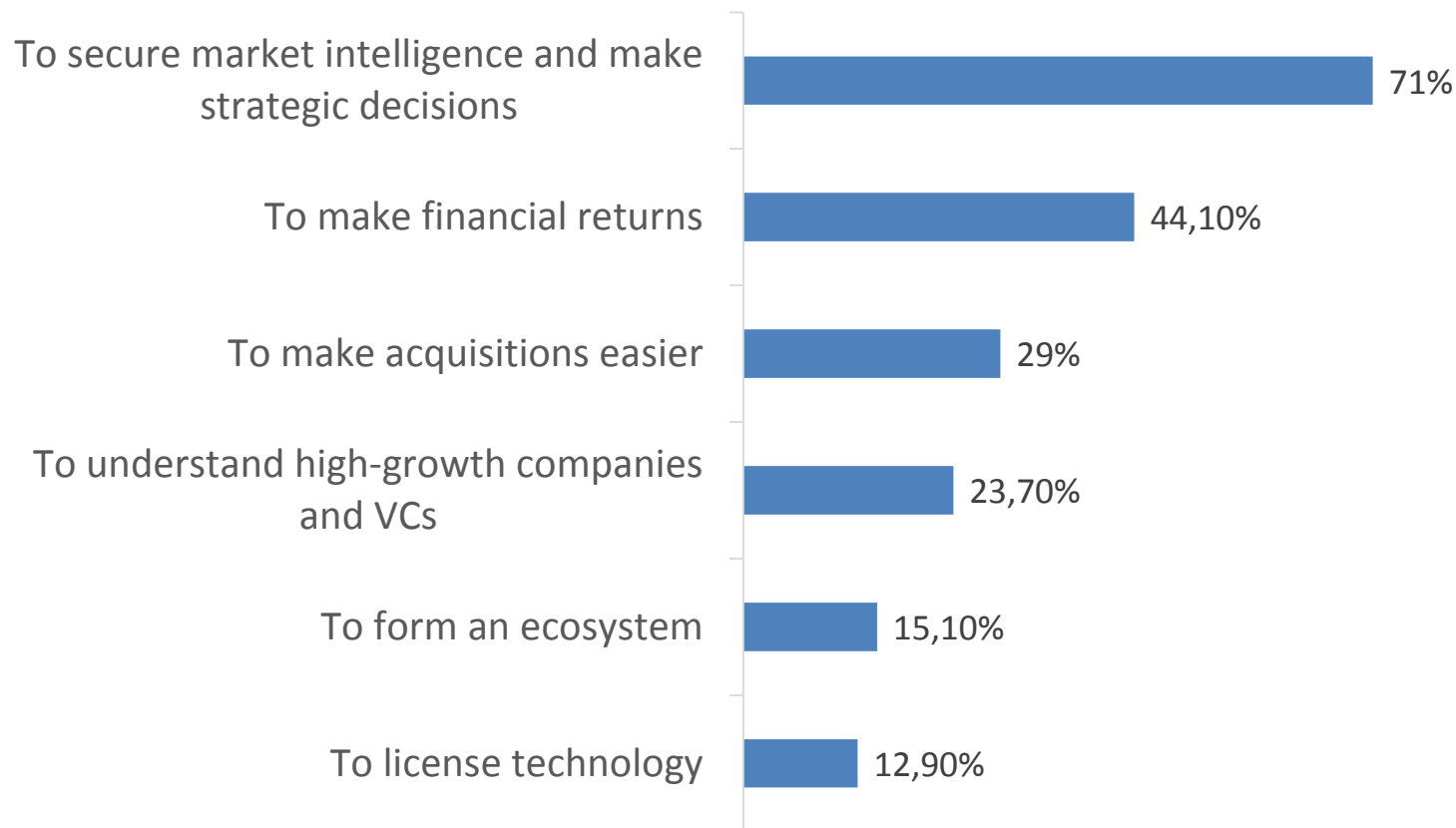
Company	2015 Cash \$b	Corporate VC?
Apple	178	iFund managed by KPCB
Microsoft	90.2	Microsoft Ventures
Google	64.4	Google Ventures, Google Capital
Pfizer	53.6	Pfizer Venture Investments
Cisco	53	Cisco Investments
Oracle	44.7	balance sheet
Johnson & Johnson	33.1	JJDC
Qualcomm	31.6	Qualcomm Ventures
Medtronic	31.1	Medtronic Ventures
Merck	29.2	Merck Capital Ventures, Merck Research Venture Fund

Corporate VCs in Fortune 500



Source: Global Corporate Venturing

Main reasons for pursuing corporate venturing



Source: Global Corporate Venturing

Two Examples from (B)RIC countries

Alibaba Capital Partners

- 28 investments in 24 companies
- About \$600M invested recently



Twiggle

jet

OUYA

TutorGroup

- Note different industries



Sberbank

- Largest bank in Russia
- SBT Ventures Fund I (90% Sberbank)
- About \$60M invested



- Focus: Fintech, security
- 2nd fund is being raised: \$200M target

What about Brazil?