

Access to Capital

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Alexander Graham Bell – 1874

“Well informed people know it is impossible to transmit the voice over wires, and were it possible to do so, the thing would be of no practical value” Boston Post

Gardiner Green Hubbard, Thomas Sanders

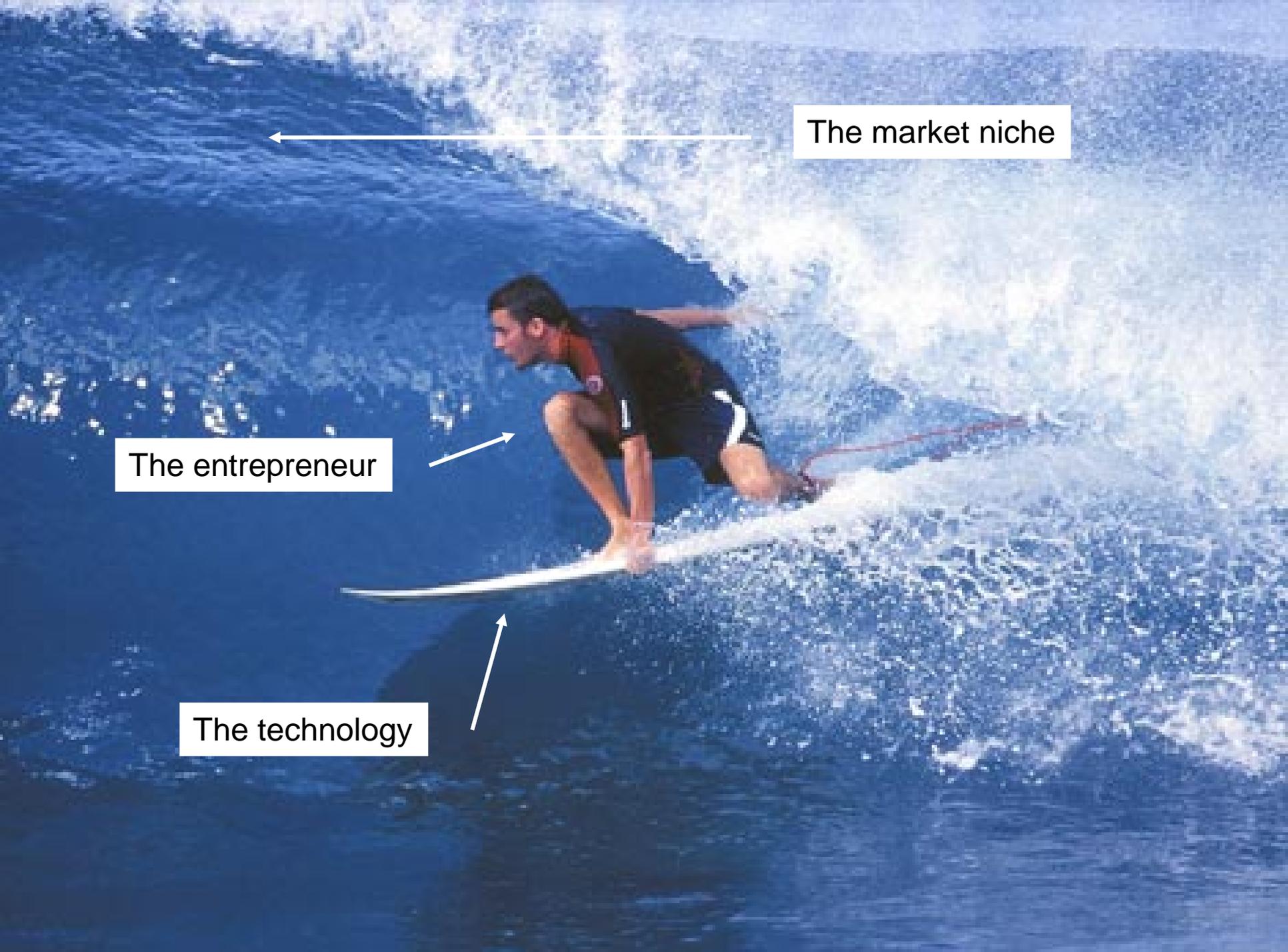
Anita Roddick 1976

The Body Shop

Ian McGlenn



The Demand for Private Equity



The market niche

The entrepreneur

The technology

The Supply of Private Equity

Crowdfunding

Angels

Venture Capitalists

Equity Capital for Entrepreneurs

Stage	Pre Seed	Seed/ Start-Up	Early	Later
Source	FDRS	CF	Angels	Venture Funds
Demand	\$25K	\$100K	\$500K	\$2,000K

Equity CF (since 2013)

Success rate	19.6%
Average asked	\$2.0 M
Average raised	\$210,000
Conv. debt	21%
Debt	7%
Equity	72%

Equity CF (since 2013)

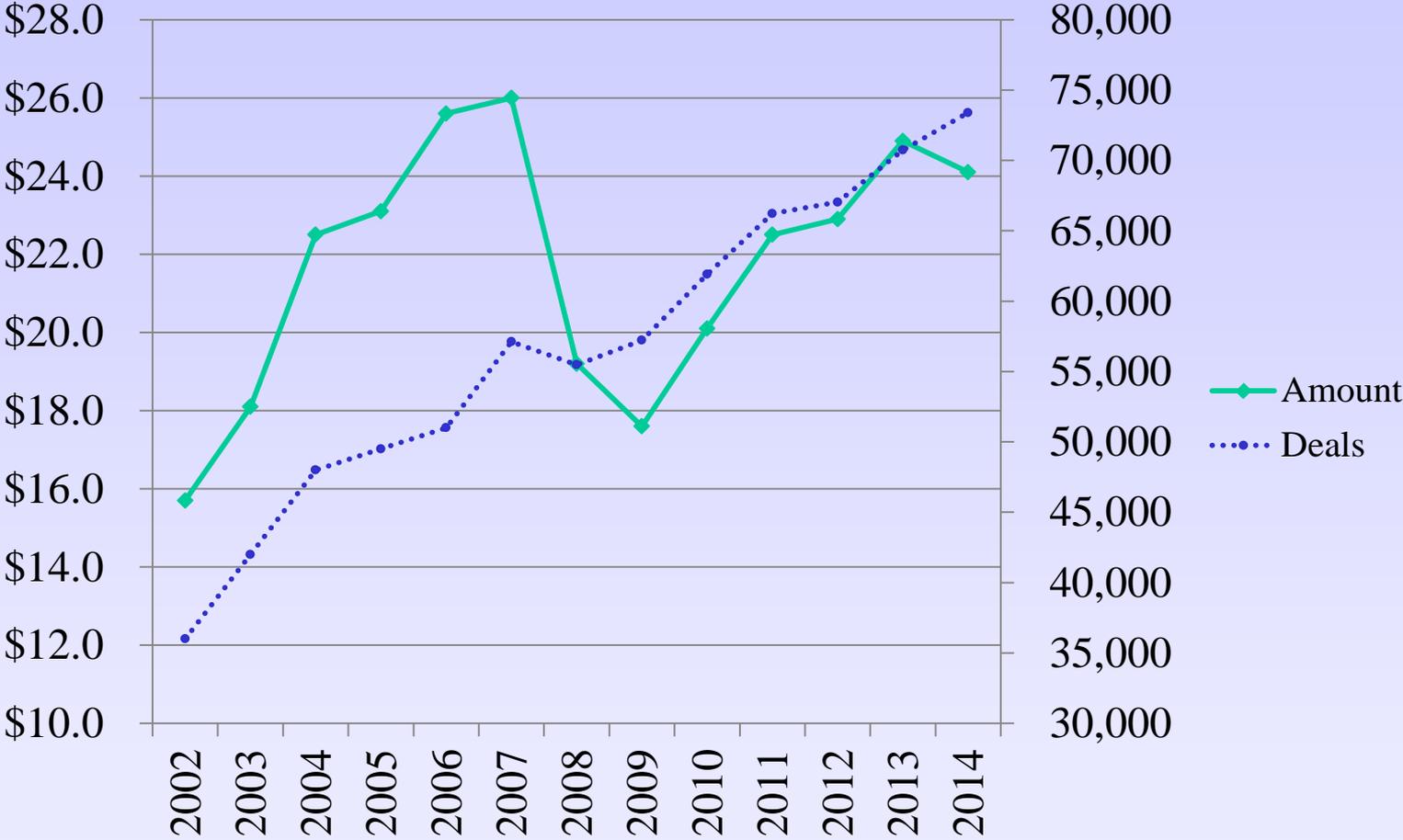
Sectors

Services	42%
Technology	34%
Consumer goods	10%
Healthcare	5%
Commerce	4%

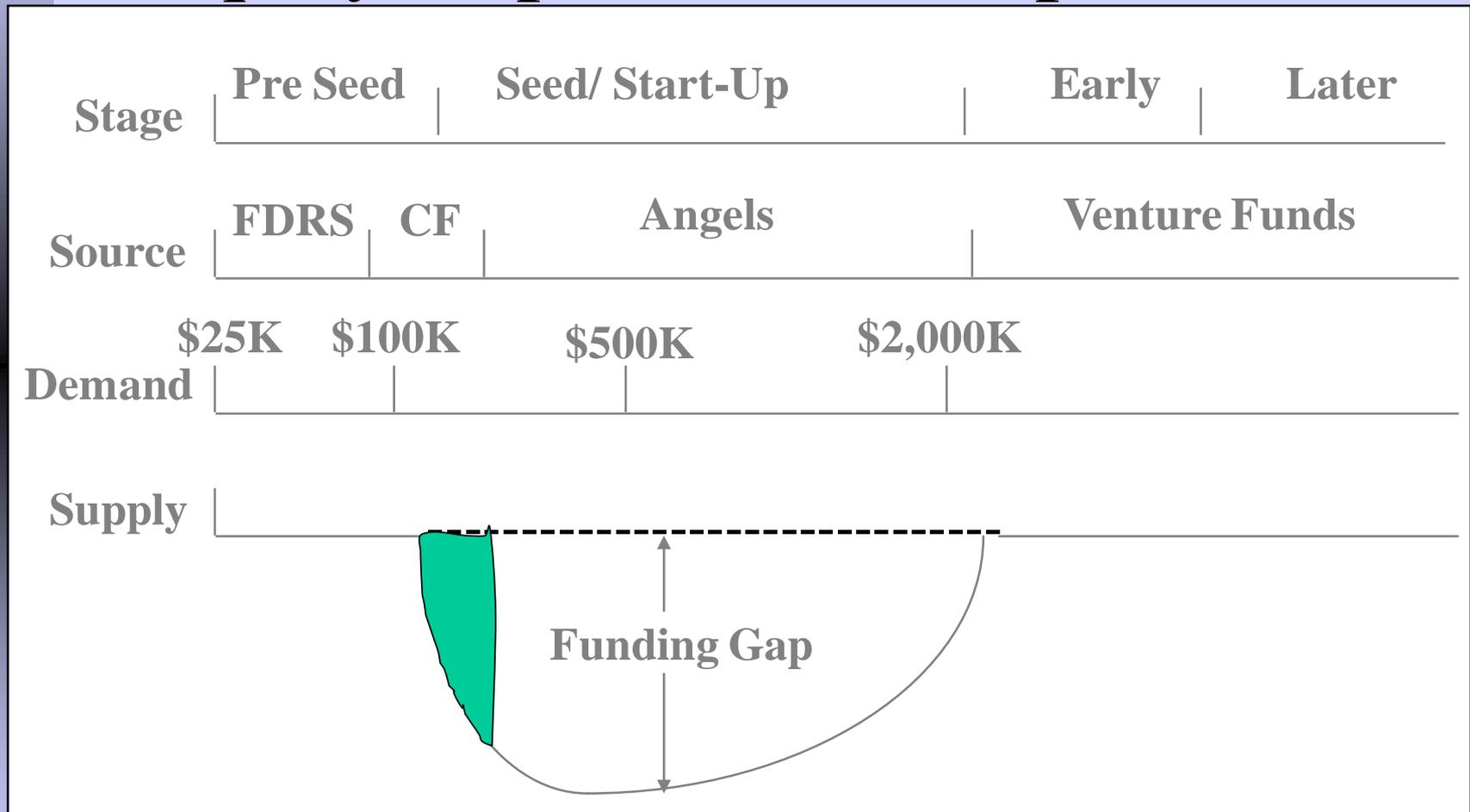
Business Angels

- 2014: 316,600 angels invest \$24.1 billion in 73,400 ventures
- 2013: \$24.9 billion in 70,730 ventures
- 2012: \$22.9 billion in 67,030 ventures
- 2011: \$22.5 billion in 66,230 ventures
- 2010: \$20.1 billion in 61,900 ventures
- 2009: \$17.6 billion in 57,225 ventures
- 2008: \$19.2 billion in 55,480 ventures
- 2007: \$26.0 billion in 57,120 ventures
- 2006: \$25.6 billion in 51,000 ventures
- 2005: \$23.1 billion in 49,500 ventures

Business Angels



Equity Capital for Entrepreneurs



Angel Deals

<u>Sector</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Health	16%	17%	30%	19%	14%	14%	16%
Software	13%	19%	16%	23%	23%	23%	27%
Biotechnology	11%	8%	15%	13%	11%	11%	5%
Retail	12%	9%	5%	4%	12%	7%	9%
Media	7%	4%	4%	5%	7%	16%	1%
IT Services	6%	5%	5%	7%	5%	5%	10%
Industrial/Energy	8%	17%	8%	13%	7%	6%	5%
Fin/Bus Products	6%	5%	2%	5%	6%	7%	8%

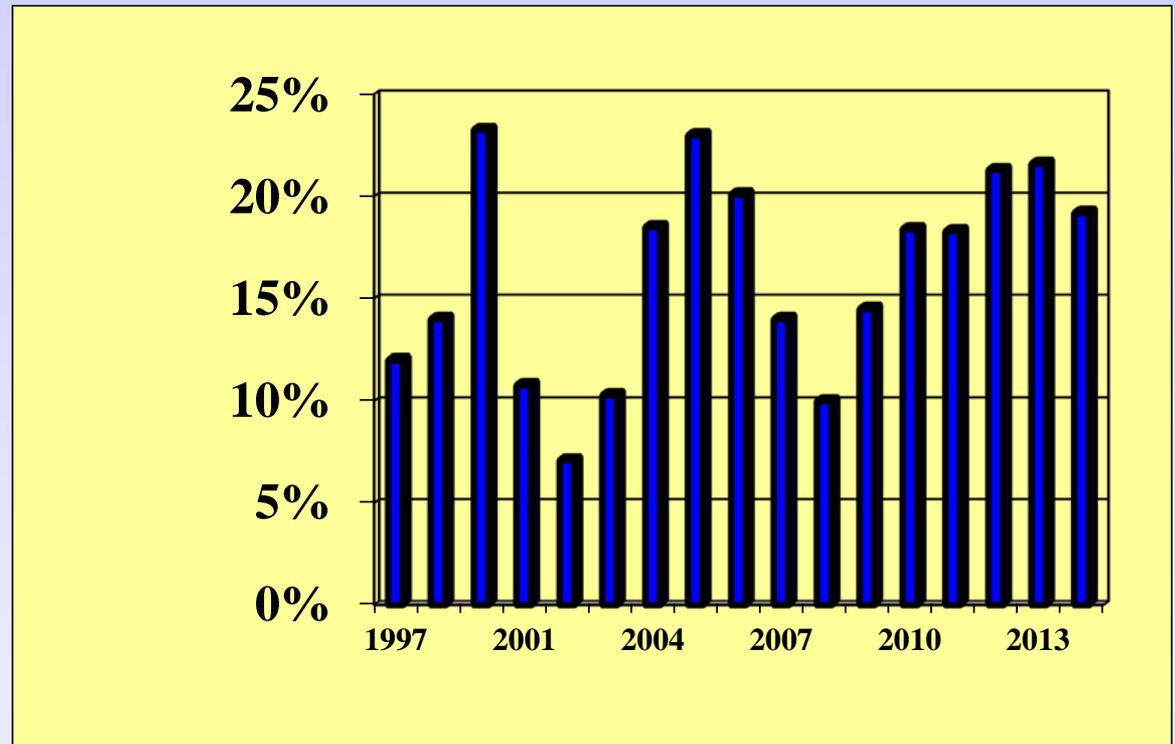
Deal Size

	2008	2009	2010	2011	2012	2013	2014
Average deal size	\$346,500	\$308,205	\$324,700	\$339,890	\$341,800	\$350,830	\$328,500
\$ invested /investor	\$73,810	\$67,968	\$75,735	\$70,650	\$85,435	\$83,050	\$76,152
Avg. Equity Recvd.	10.4%	13.5%	13.5%	13.4%	12.7%	12.5%	12.3%
Implied valuation	\$2.1m	\$2.3m	\$2.4m	\$2.5m	\$2.7m	\$2.8m	\$2.7m

Angel Yield Rates

of deals funded / # proposals presented

- 1997: 12.00%
- 1998: 14.00%
- 2000: 23.26%
- 2001: 10.79%
- 2002: 7.10%
- 2003: 10.3%
- 2004: 18.5%
- 2005: 23.0%
- 2006: 20.1%
- 2007: 14.0%
- 2008: 10.0%
- 2009: 14.5%
- 2010: 18.4%
- 2011: 18.3%
- 2012: 21.3%
- 2013: 21.6%
- 2014: 19.2%

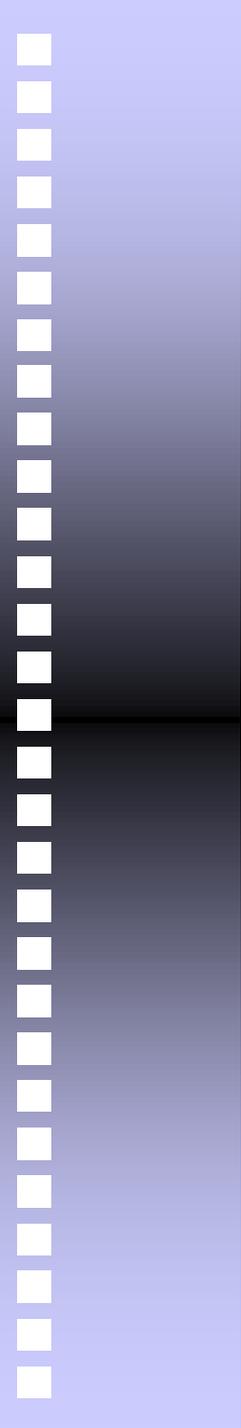


Venture Capital Funds

Year	Total	Deals	per Deal
2005	\$22.1 billion	3,008	\$7.4 million
2006	\$25.5 billion	3,416	\$7.5 million
2007	\$30.7 billion	3,918	\$7.8 million
2008	\$28.3 billion	3,808	\$7.4 million
2009	\$17.7 billion	2,795	\$6.3 million
2010	\$21.8 billion	3,277	\$6.9 million
2011	\$28.4 billion	3,673	\$7.7 million
2012	\$26.9 billion	3,770	\$7.1 million
2013	\$29.7 billion	4,106	\$7.2 million
2014	\$49.5 billion	4,378	\$11.3 million
2015	\$58.8 billion	4,380	\$13.4 million



Mashable



“How can I get out of this house without going anywhere near your garage?” – VC Investor

<http://www.bvp.com/portfolio/antiportfolio>

Larry Page and Sergey Brin 1998

Google

maxed out credit cards

Andy Bechtolsheim (co-founder – Sun
Microsystems) \$100,000

The Truth About Early Stage Seed and Start-up financing –VC

2005	\$767 m (3.5%)	184 deals (6.1%)
2006	\$1.2 b (4.7%)	312 deals (9.1%)
2007	\$1.2 b (3.9%)	415 deals (10.6%)
2008	\$1.5 b (5.3%)	440 deals (11.6%)
2009	\$1.7 b (9.6%)	318 deals (11.4%)
2010	\$1.7 b (7.8%)	363 deals (11.1%)
2011	\$0.9 b (3.2%)	396 deals (10.8%)
2012	\$0.7 b (2.6%)	283 deals (7.5%)
2013	\$1.0 b (3.3%)	229 deals (5.6%)
2014	\$0.7 b (1.4%)	195 deals (4.5%)
2015	\$0.9 b (1.5%)	185 deals (4.2%)

The Gap Dilemma

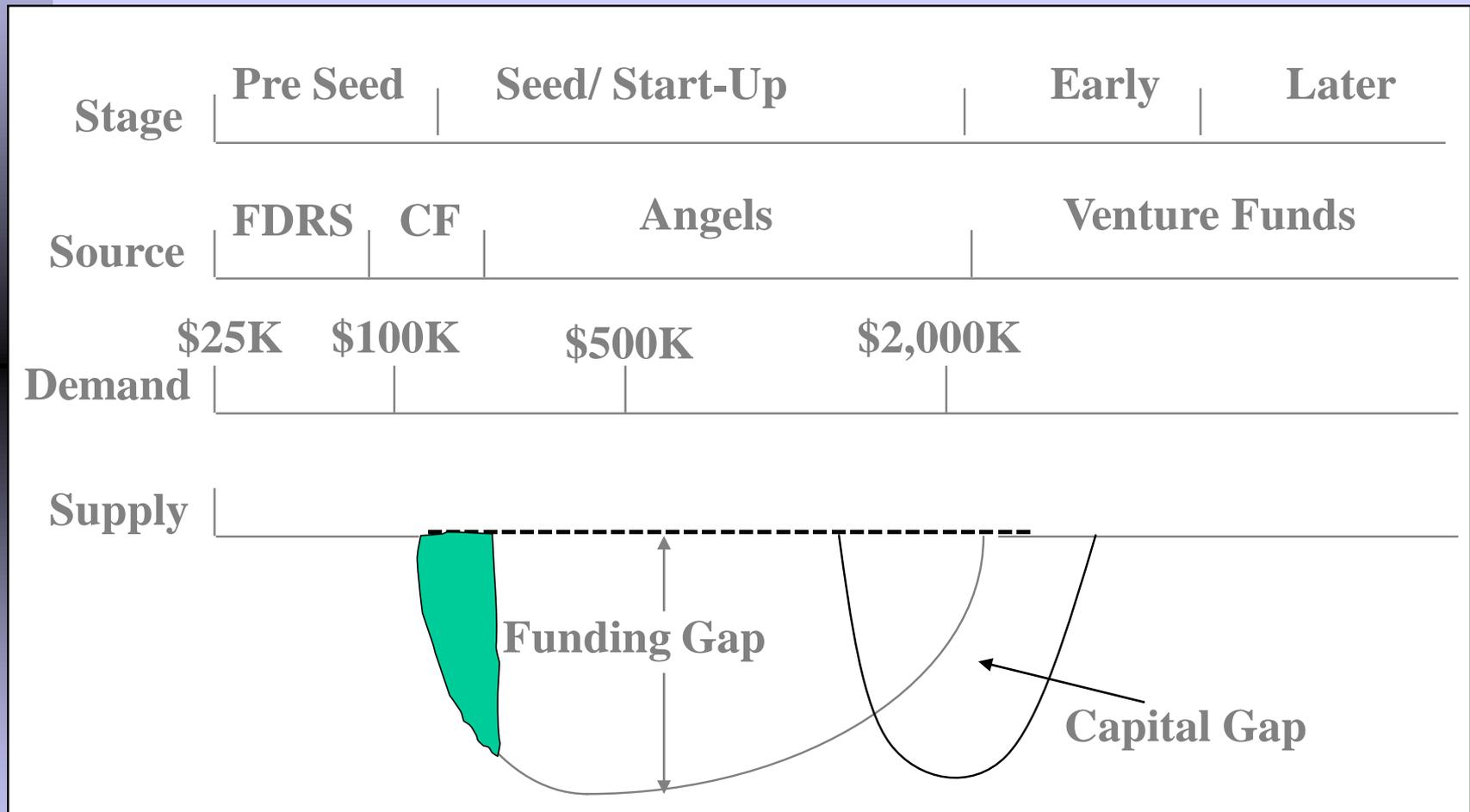
2014

25% angel : seed and start-up

74% angel : post seed and start-up

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Seed/start-up	45%	35%	42%	31%	35%	45%	39%	46%	55%	43%	52%	50%
post seed/ start-up	53%	61%	55%	67%	62%	40%	35%	40%	43%	52%	35%	33%

Equity Capital for Entrepreneurs



“I know of nothing so pleasant to the mind, as the discovery of anything which is at once *new* and *valuable*.”

—Abraham Lincoln

