

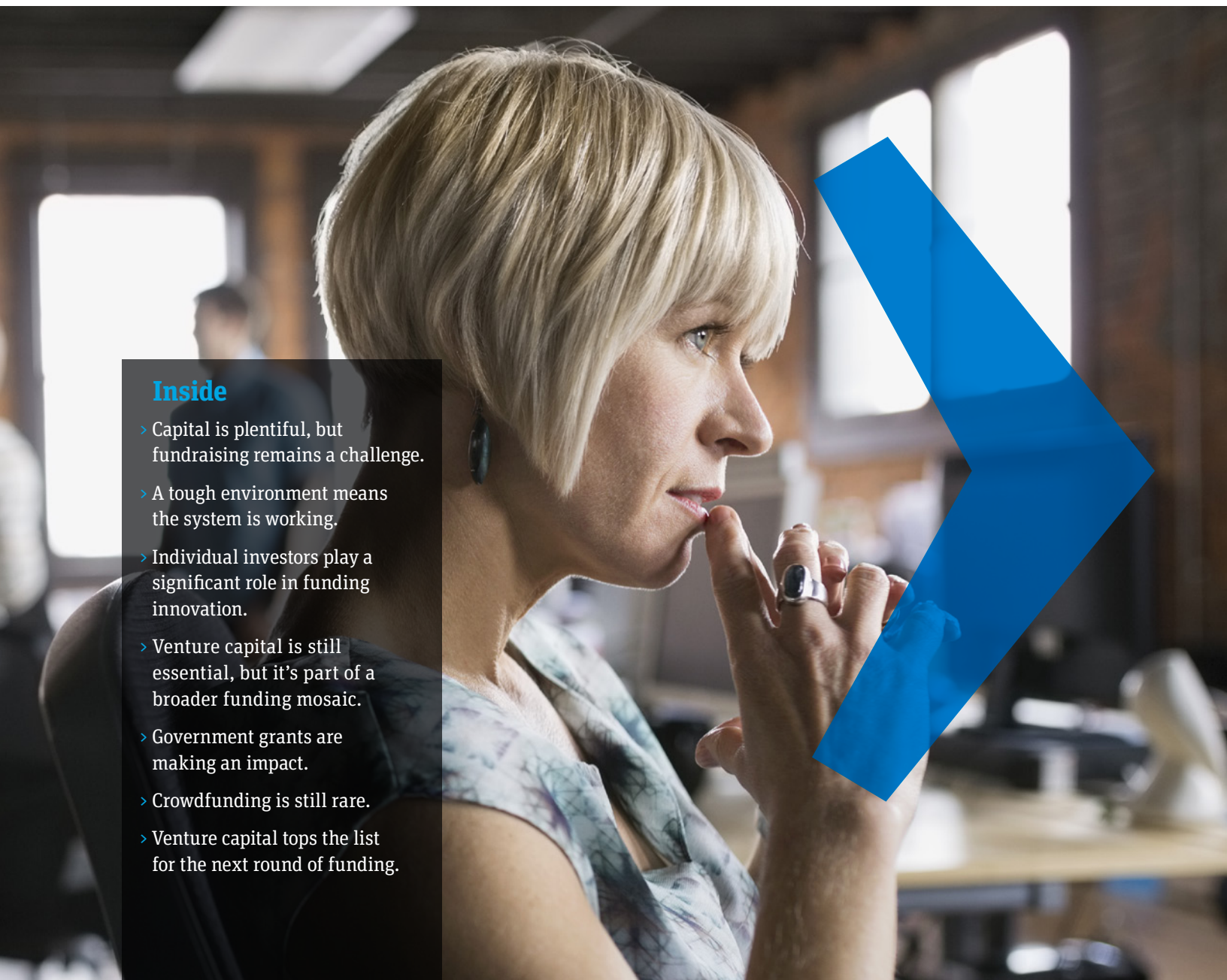


Raising capital

Healthy fundraising tension shows the market's underlying strength

Inside

- › Capital is plentiful, but fundraising remains a challenge.
- › A tough environment means the system is working.
- › Individual investors play a significant role in funding innovation.
- › Venture capital is still essential, but it's part of a broader funding mosaic.
- › Government grants are making an impact.
- › Crowdfunding is still rare.
- › Venture capital tops the list for the next round of funding.



Capital is available, but that doesn't mean it's easy to come by. In our 2015 survey of more than 1,100 executives in the technology and healthcare sectors, across the board we heard that the fundraising environment is encouraging but challenging. Although IPOs make the headlines, most leaders are focused on growth in 2015, not an immediate exit.

Survey responses show that while optimism remains high, it's tempered by pragmatism. Investors are demanding more fully developed ideas and sound business models, and business leaders are stepping up to meet those expectations.

Capital is plentiful, but fundraising remains a challenge.

Executives find the current fundraising environment encouraging, but tough.

Companies that meet investors' demands for well-developed business models and proven ideas are most likely to succeed.

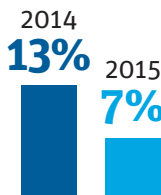
Pre-revenue companies were more successful in raising capital than they were the previous year.

49%

of respondents **successfully raised** private capital last year.



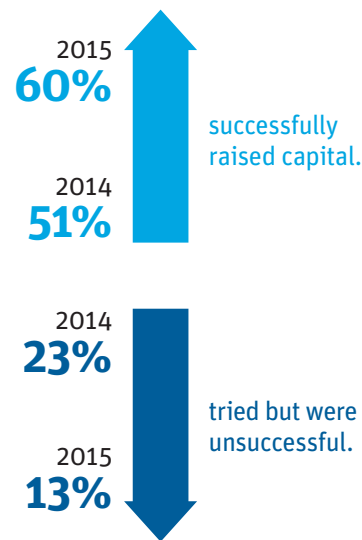
Compared with last year, the number who tried but were unable to raise capital **dropped by half.**



81%

say the current fundraising environment is **somewhat or extremely challenging.**

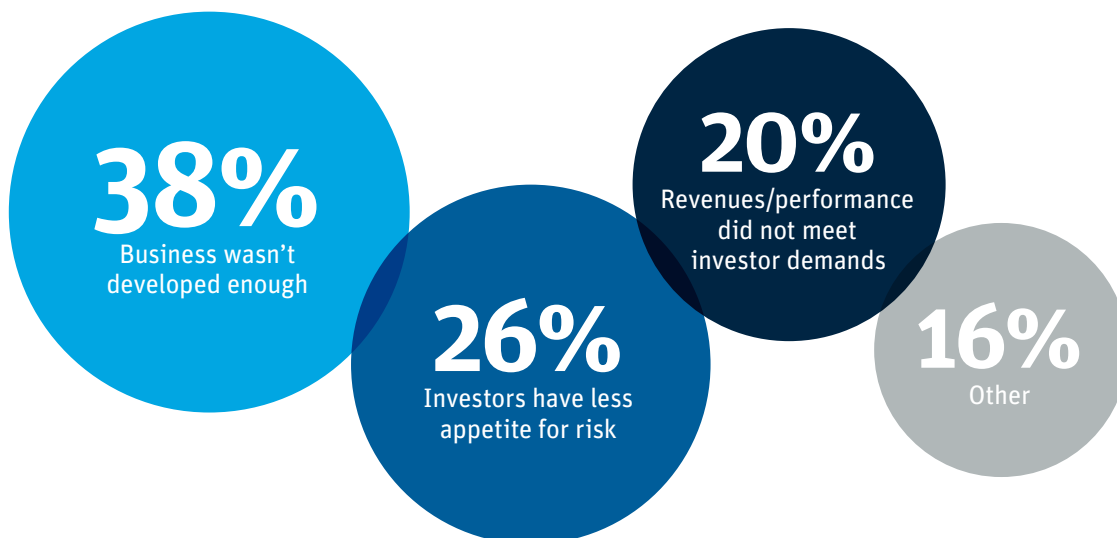
Pre-revenue fundraising



A tough environment means the system is working.

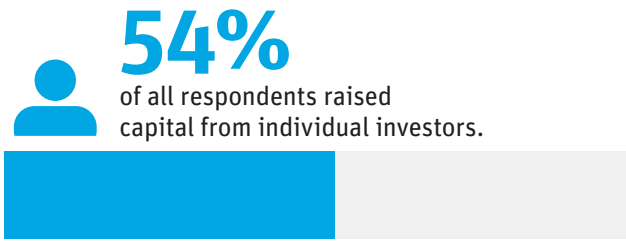
The gating factors companies face when fundraising suggest quality control is alive and well.

Reasons companies say they were unsuccessful in raising private capital



Individual investors play a significant role in funding innovation.

Of the companies that raised capital in 2014, more than half raised funds from individual investors, including the founders themselves, their friends and families, and individual angel investors.



85%

of **pre-revenue** companies raised capital from individuals, angel investor groups or micro venture capital funds.



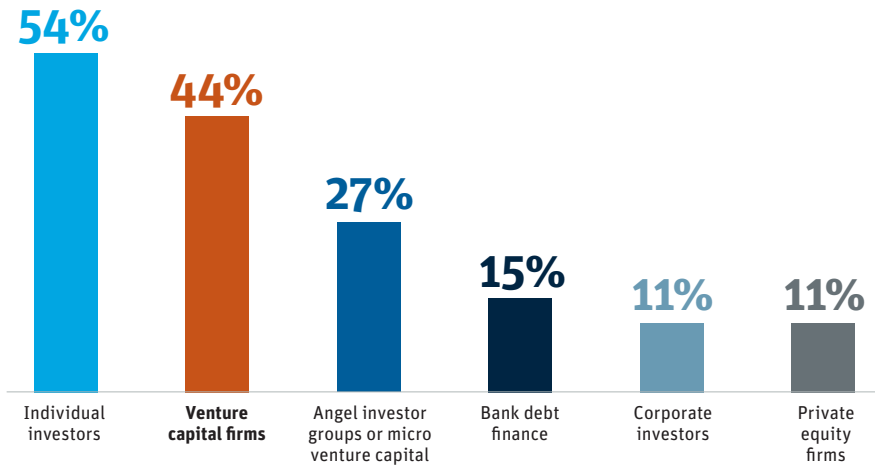
50%

of the **total dollars raised** by companies that received funding from individual investors were provided by such investors.

Venture capital is still essential, but it's part of a broader funding mosaic.

Nearly half of the companies that raised private funds in 2014 received venture capital.

Sources of funding companies received in 2014



Venture capital constituted an average of **68% of total dollars raised** for companies that received it.

“The greatest risk would be not having the required capital to expand the feature sets of our service.”

—Software executive

Government grants are making an impact.

Healthcare and pre-revenue companies in particular are benefiting from government funding.



6% of all respondents received a government grant in 2014.

Companies that received government grants in 2014

- 11% Healthcare
- 10% Pre-revenue

38% of all respondents have worked with government agencies to obtain government grants.

Crowdfunding is still rare.

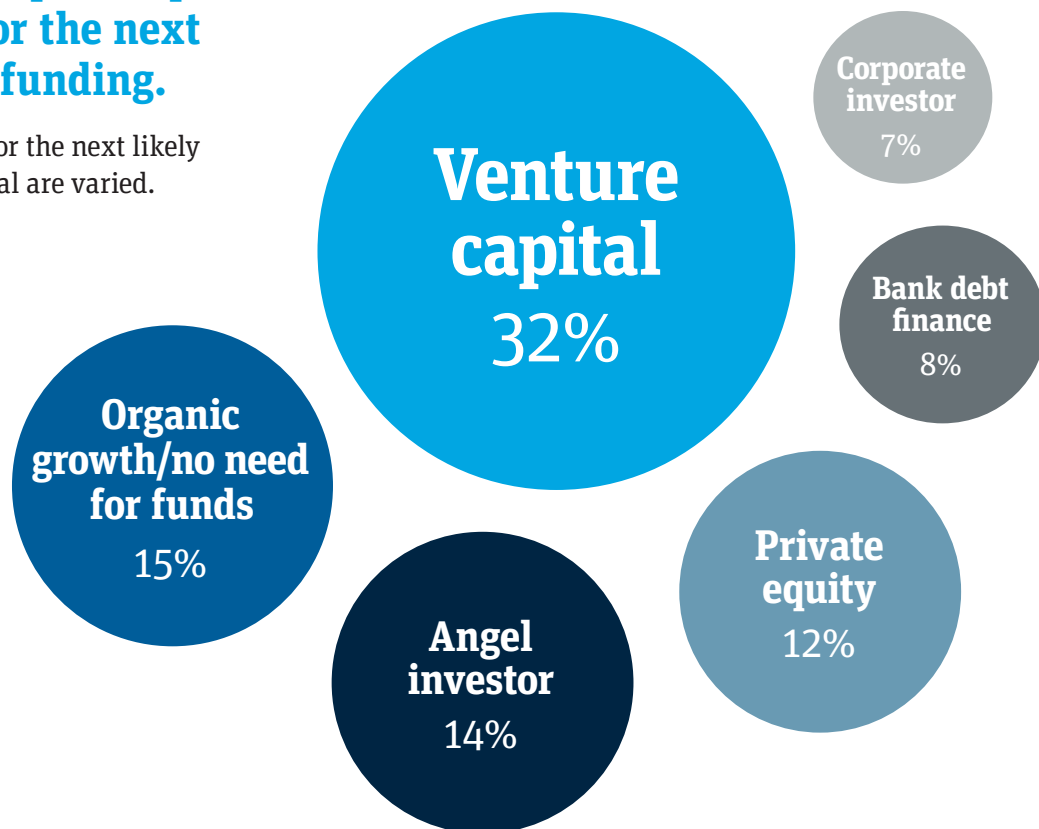
Despite the buzz, crowdfunding hasn't changed the game as of 2014.

3% 

of respondents received capital from crowdfunding.

Venture capital tops the list for the next round of funding.

Expectations for the next likely source of capital are varied.





About the Innovation Economy Outlook 2015 survey

Our sixth annual survey of executives from innovative companies worldwide offers insight into what's on the minds of leaders in the global innovation economy today. In the *Innovation Economy Outlook 2015* survey, we received more than 1,100 responses from executives in more than 30 countries, covering such topics as how innovation companies are faring, hiring projections and how government policies are affecting business growth. We heard from executives in innovation hubs around the world, who represent companies ranging from startups to global enterprises.

Total respondents

1,116

Industry sector



76% Technology (net)



18% Healthcare (net)

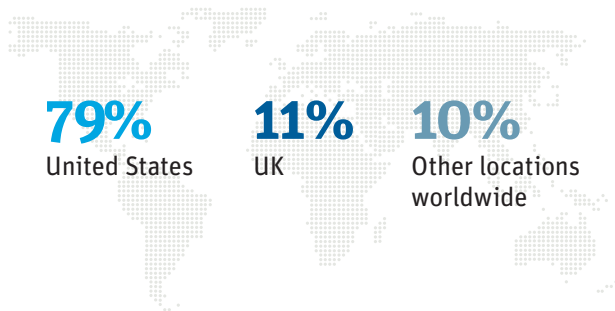
6% Other

Profitable



48% Yes
52% No

Primary place of business

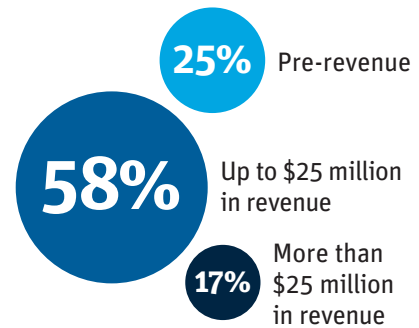


Ownership



93% Private
7% Public

Revenue stage



About Silicon Valley Bank

For more than 30 years, Silicon Valley Bank (SVB) has helped innovative companies and their investors move bold ideas forward, fast. SVB provides targeted financial services and expertise through its offices in innovation centers around the world. With commercial, international and private banking services, SVB helps address the unique needs of innovators. *Forbes* named SVB one of America's best banks (2015) and one of America's best-managed companies (2014).

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A third-party firm, Morpace, Inc., conducted the *Innovation Economy Outlook 2015* survey online on Silicon Valley Bank's behalf from December 6, 2014, to January 9, 2015.

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