

History of Silicon Valley Cluster Formation

1890	1900	1910	1920	1930	1940	1950	1960	1970	1980	1990	2000
(Since 1890)	10	20	30	40	50	60	70	80	90	100	110

Core Universit 1891 Stanford University founded

University-originated VB • Activity
in cooperation with industry, academia and government

1927 Professor Terman starts his activity
1939 HP
1946 SRI (Open class)

Research Inst., Inviting Business

1930 Moffet • Field, Aims Research Center invited
1939 NASA invited
1950s Experimental facility of Lockheed Corp. invited
IBM Almaden Institute
1970 Xerox Palo Alto Research Center (PARC)

High-tech VBs appeared

(1939 HP founded) 1956 Shockley Semiconductor Lab (being as a nurturing of talented people for VBs)
1957 Fairchild Semiconductor
1968 Intel
1976 Apple Computer, Inc.
1982 Sun Microsystems, Inc.,
Silicon Graphics, Inc.

Rise and prosperity of VC

1969 Mayfield
1972 Kleiner Perkins Caufield & Byers (KPCB)
1977 Matrix Partners, NEA
1985 Accel Partners Communication Fund
1986 Cisco VC Group
1998 Intel Capital

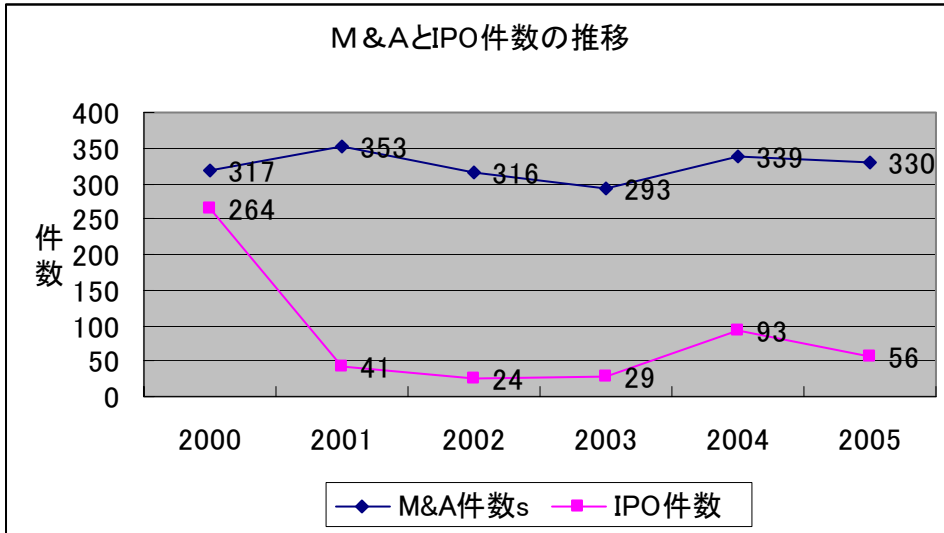
Rise of Spin-off, MOT-modeled VBs

1995 Ariba, Inc.
Commerz One
Other internet venture businesses
2001 Collapse of the bubble/
M&A exit/ Bioventure
Integration between IT and life science

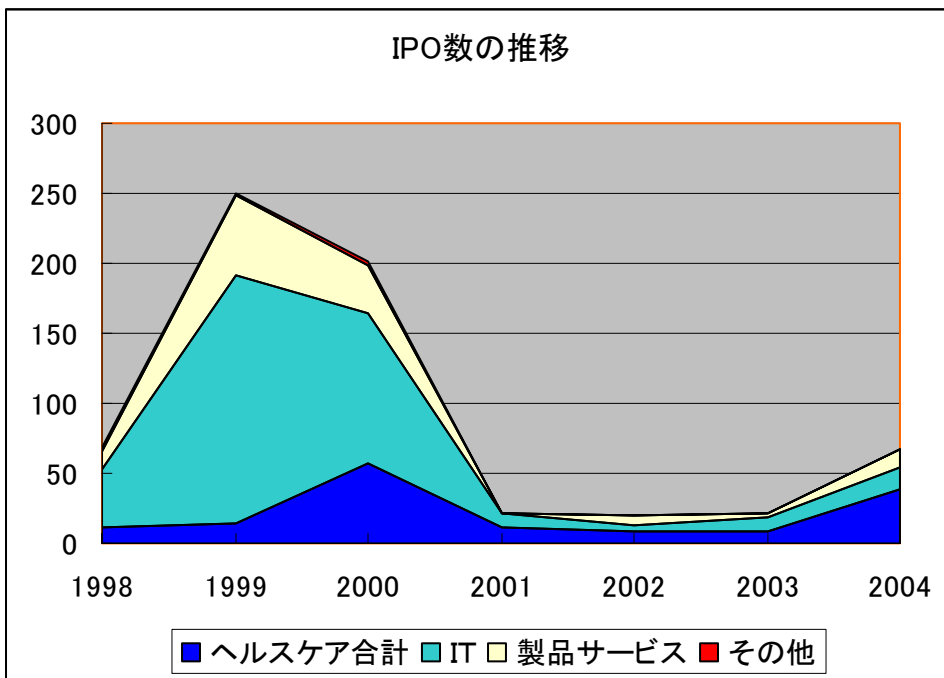
SBF Consulting

VC Investment & Market Data

Transition of the numbers of M&A and IPO



Transition of the number of IPO



Healthcare total IT Product services Others

Total investment of each sector of VC (amount, %)

		2002	2002	2003	2003	2004	2004	2005	2005
Industry	Ind. Segment	Total		Total		Total		Total	
Healthcare	Biopharmaceuticals	\$3,325	15.1%	\$3,647	18.9%	\$4,629	21.4%	\$3,787	17.1%
	Healthcare Services	\$405	1.8%	\$289	1.5%	\$385	1.8%	\$397	1.8%
	Medical Devices	\$1,715	7.8%	\$1,808	9.4%	\$1,642	7.6%	\$2,024	9.1%
	Medical IS	\$434	2.0%	\$351	1.8%	\$313	1.4%	\$485	2.2%
	Other Medical		0.0%	\$3	0.0%		0.0%	\$3	0.0%
Healthcare Total		\$5,880	26.7%	\$6,098	31.6%	\$6,968	32.2%	\$6,696	30.3%
Information Technology	Communications	\$4,675	21.3%	\$3,049	15.8%	\$2,821	13.0%	\$2,955	13.4%
	Electronics	\$1,088	4.9%	\$955	5.0%	\$1,402	6.5%	\$1,136	5.1%
	Information Services	\$563	2.6%	\$546	2.8%	\$925	4.3%	\$1,111	5.0%
	Semiconductors	\$1,467	6.7%	\$1,701	8.8%	\$1,839	8.5%	\$1,652	7.5%
	Software	\$5,559	25.3%	\$4,583	23.8%	\$5,466	25.2%	\$5,111	23.1%
IT Total		\$13,352	60.7%	\$10,835	56.2%	\$12,453	57.5%	\$11,966	54.1%
Retail & Cons/Bus Prod/Service	Cons/Bus Products	\$140	0.6%	\$261	1.4%	\$170	0.8%	\$131	0.6%
	Cons/Bus Services	\$2,057	9.4%	\$1,703	8.8%	\$1,577	7.3%	\$2,415	10.9%
	Retailers	\$192	0.9%	\$102	0.5%	\$123	0.6%	\$216	1.0%
Retail /Bus Prod/Serv Total		\$2,388	10.9%	\$2,066	10.7%	\$1,870	8.6%	\$2,762	12.5%
Other Total		\$362	1.6%	\$290	1.5%	\$362	1.7%	\$705	3.2%
Grand Total		\$21,981	100.0%	\$19,289	100.0%	\$21,654	100.0%	\$22,128	100.0%

Source: Venture One Totaled and made out by data (investments amount base: unit 1million dollars, %)

Venture Capital Investment in United States Companies				
By Stage				
07/01/2005 to 09/30/2005				
No.	Stage	Companies	Deals	Investment(\$M)
1	Seed	31	31	42.7 (0.8%)
2	Startup	148	148	828.3 (15.7)
3	Early Stage	37	37	127.9 (2.4)
4	Expansion	242	245	1605.0 (30.5)
5	Later Stage	252	253	2659.0 (50.5)
-	Total	710	714	5262.9 (100.0)

Venture Capital Investment in United States Companies				
By Region				
07/01/2005 to 09/30/2005				
No .	Region	Companies	Deals	Investment(\$M)
1	Silicon Valley	219	219	2068.5 (39.3%)
2	New England	87	89	612.5 (11.6)
3	Southeast	57	59	460.6 (8.8)
4	LA/Orange County	44	44	339.8 (6.5)
5	NY Metro	41	41	249.2 (4.7)
6	DC/Metroplex	39	39	202.2
7	Texas	39	39	204.2
8	San Diego	36	36	204.6
9	Northwest	35	35	226.9
10	Midwest	32	32	94.9
-	Total	710	714	5262.9 (100.0)

Venture Capital Investment in United States Companies				
By State				
07/01/2005 to 09/30/2005				
No.	State	Companies	Deals	Investment(\$M)
1	California	302	302	2622.1 (49.8%)
2	Massachusetts	72	73	524.4 (10.0)
3	Texas	39	39	204.2 (3.9)
4	New York	31	31	139.6 (2.7)
5	Washington	25	25	164.7 (3.1)
6	Maryland	22	22	116.2
7	Florida	20	20	158.7
8	New Jersey	20	20	162.8
9	Colorado	19	19	168.1
10	North Carolina	18	18	174.9
-	Total	710	714	5262.9 (100.0)

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Data current as of 19-OCT-2005

MOT Stages and Money Raising

2005.8.31 SBF Ujje

		1 year		2		3		4		5		6		7	
		6Months	6M	6M	6M	6M	6M	6M	6M	6M	6M	6M	6M	6M	6M
Growing Stages	Seed / Start Up	Early Stage				Expansion (Middle)				Later/Mezzanine					
	VC Investments	Seed/Series A		Series B				Series C		Series D					
MOT Phase	Development I	Development II				Production				Industrialization					
	Develop. of trial products	Develop. of finished products				Start of sale				Mass-producing, Expanding selling stage. Profitable					
Transition of capital supply															
		Governmental capital of research and development													
		Angel investors													
		CVC/ Strategic Partner businesses													
		Independent VCs													
		Phased investments of VC Seed: \$10K-\$250K Series A: \$250K-\$1.5M Series B: \$5M-\$10M Series C: \$20M+						Venture loans / Venture policies financing(SBIC)							
								Normal bank financing (PO: Purchase Order)							
								Security issues							
EXIT							M&A								
											IPO				

Comparison of R&D Phase- Case studies

1. American firms

Electronics1

Universities, etc	Start-up	Early	Expansion	Later
Technology Development	Prototype development	FP development	Initiation of selling	Mass production
	*	*	*	

Semiconductor1

Universities, etc	Start-up	Early	Expansion	Later
Technology Development	Prototype development	Prototype development	Initiation of selling	Mass production
	*	*	*	

Semiconductor2

Universities, etc	Start-up	Early	Expansion	Later
Technology Development	Prototype development	Prototype development	Initiation of selling	Mass production
*	*	*	*	

Electronics2

Universities, etc	Start-up	Early	Expansion	Later
Technology Development	Prototype development	Prototype development	Initiation of selling	Mass production
		*	*	

Pharmaceutical Company

Universities, etc	Start-up	Early	Expansion	Later
Technology Development	Prototype development	Prototype development	Initiation of selling	Mass production
	*			

2. Japanese firms SV (Silicon Valley) R&D Labs

Incubation Lab of Electronics Maker

Universities, etc	Start-up	Early	Expansion	Later
Technology Development	Prototype development	Prototype development	Initiation of selling	Mass production
	*	*	*	

Fundamental Technology Development Laboratory of Electronics Maker

Universities, etc	Start-up	Early	Expansion	Later
Technology Development	Prototype development	Prototype development	Initiation of selling	Mass production
*	*	*		

Development Base of Industrial Management Solution Maker

Universities, etc	Start-up	Early	Expansion	Later
Technology Development	Prototype development	Prototype development	Initiation of selling	Mass production
	*	*		

Development Base of consumer-electronics maker

Universities, etc	Start-up	Early	Expansion	Later
Technology Development	Prototype development	Prototype development	Initiation of selling	Mass production
	*	*	*	

Position Map

