



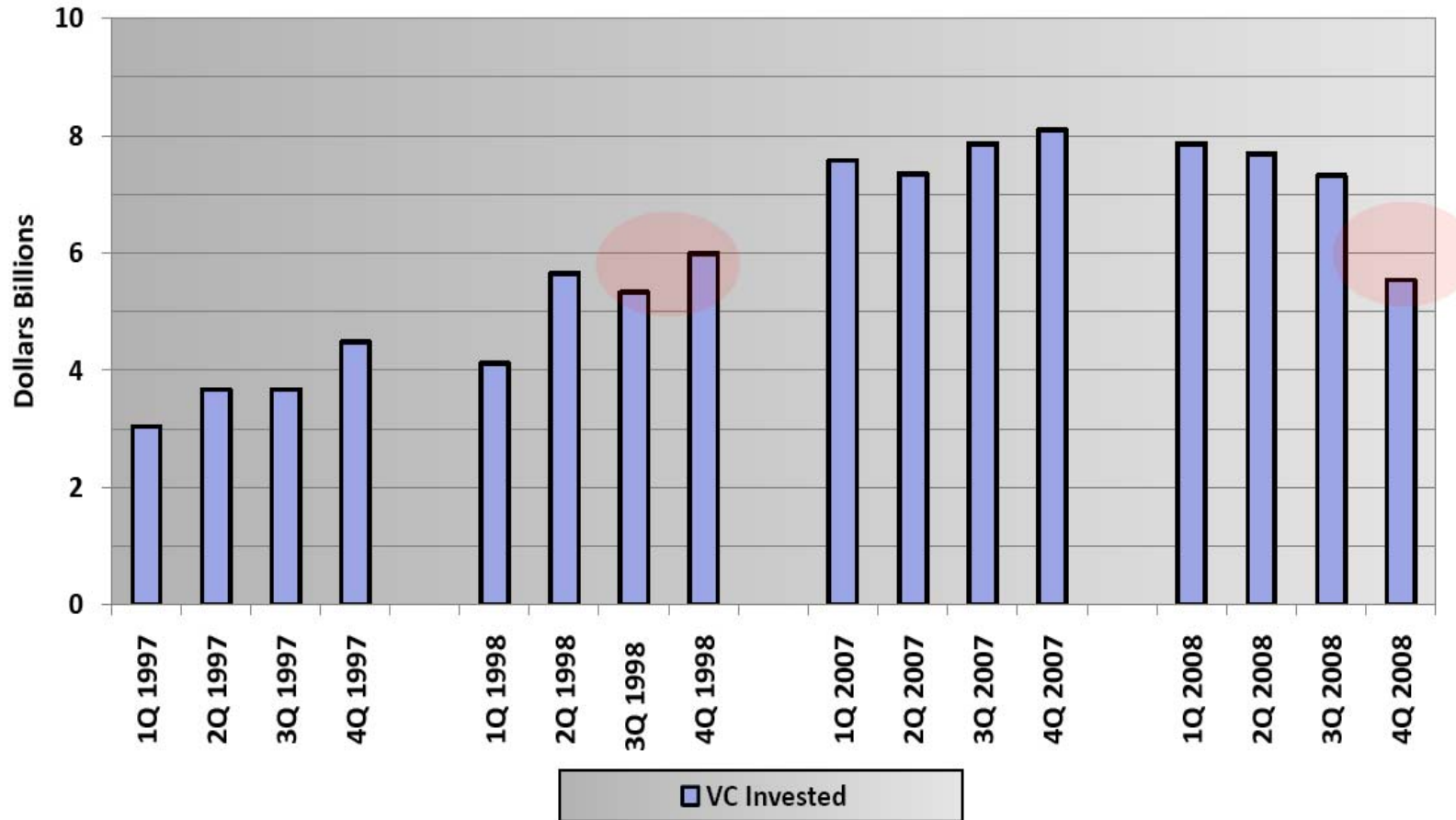
Venture Capital Markets Today

An Overview

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VC Investing –U.S.

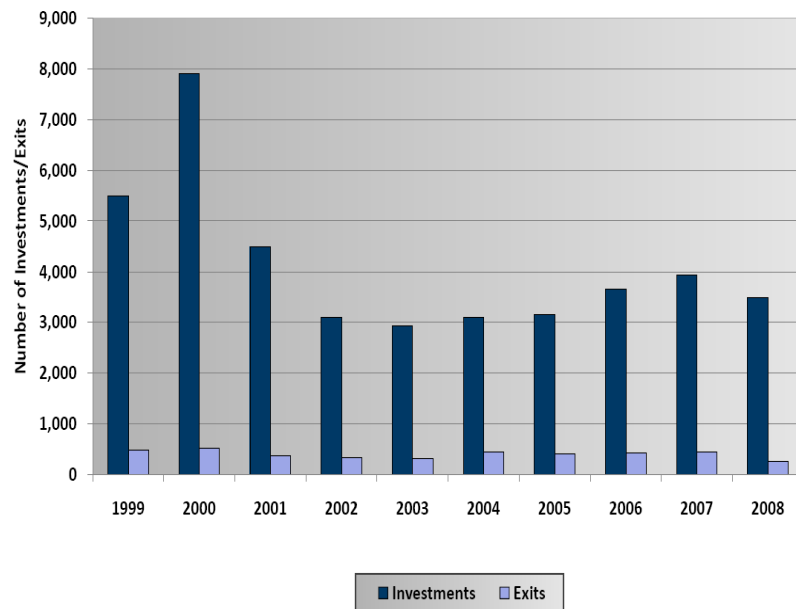
U.S. Venture Capital Invested Quarterly 1997-1998 & 2007-2008



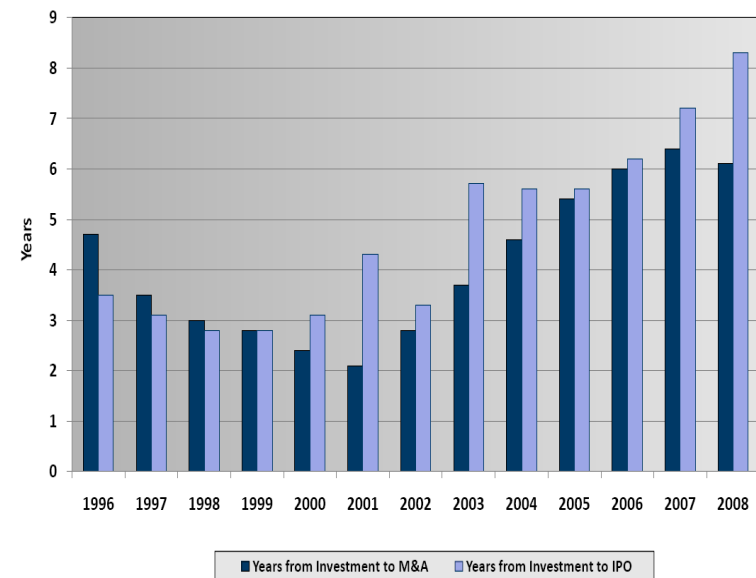
Source: Venture
Economics

Exits Have Faltered, Creating a Liquidity Crisis

Exits Have Faltered



Investment to Exit Time has increased



Economic Impact on Venture Capital

- Cons
 - Lack of capital across the venture ecosystem
 - Increasing number of inside-lead rounds
 - VC managers will choose to fund only their most promising companies
 - Lowered consumer and enterprise spending
 - Increased time to liquidity

Economic Impact on Venture Capital

- **Pros**

- Reduced company and manager competition
- Ability to utilize capital as a weapon
- Lower valuations due to depressed market multiples at purchase

Capital Efficiency is Critical

- Headcount reduction and expense management are critical
- Reduce sales and marketing expenses
- Sacrifice hyper growth in exchange for survival
- Cash-flow positive is key in this environment

Thank You

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