

VentureSource

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Diversity Increases Among Newer Venture Capital Professionals While Gender Composition of Industry Remains Largely Unchanged

NVCA and Dow Jones VentureSource Release 2011 Venture Census Data

November 21, 2011, Washington D.C. -- The National Venture Capital Association (NVCA) and Dow Jones VentureSource today released the results of the 2011 Venture Census survey which examines the demographic composition of the U.S. venture capital industry. Among the findings are signs of increasing ethnic diversity, especially among newer professionals, an investor base comprised mostly of men, and a loyal and stable workforce as almost half the respondents expect to be in the same role at the same firm in five years.

"As the venture capital industry continues to contract and the number of professionals declines over the next five years, we could very well see more dramatic demographic shifts within the industry," said NVCA President Mark Heesen. "The future composition will be predicated on a variety of market factors such as ongoing fund size, favored investment sectors, LP preferences, and public policy. Tax policy, immigration reform, the FDA approval process, and energy policy all will have some impact on where venture investment goes and who is doing the investing. Ideally, we would like to see a professional base that reflects the entrepreneurs in which we invest, one that is robust and diverse in terms of gender, ethnicity, nationality and age."

Conducted for the first time in 2008, this year's Venture Census comprised responses from nearly 600 professionals in both investment roles and administrative functions such as chief financial officers and marketing and communications professionals.

Gender Composition

While 79 percent of the survey respondents were male and 21 percent were female, women were less likely to hold investment roles. Of those who identified themselves as investors, 89 percent were male and 11 percent were female. In 2008, when measured slightly differently, 86 percent of investors were male and 14 percent were female.

The life sciences and clean technology industries had the highest percentage of women investors at 18 percent and 15 percent respectively. Information technology (IT) followed with women representing 12 percent of business-to-business IT investors and 11 percent of consumer IT investors. The lowest percentage of women investors was in the non-high tech products and services sector at eight percent.

Of those respondents who were administrative professionals, 62 percent were women and 38 percent were men. The CFO position was split nearly evenly, comprised of 53 percent women and 47 percent men.

The percentage of women in the industry was inversely proportional to the age ranges. Of respondents under 30 years old, 28 percent were women. Of those in their 30s, 27 percent were women; 40s and 50s, 22 percent; and over 60 years old, 13 percent.

Ethnicity and Nationality

The 2011 survey suggests that the venture industry is becoming more diverse, particularly among the newer professionals. Of the total 2011 respondents, 87 percent were Caucasian, nine percent were Asian, two percent were African American or Latino, and two percent were of mixed race. This compares to 2008 when 88 percent of all venture professionals were Caucasian, eight percent were Asian, and two percent were Hispanic and one percent were African-American.

Venture professionals who have been in the industry fewer than five years showed greater diversity: 77 percent were Caucasian, 17 percent were Asian, three percent were African American or Latino and three percent were of mixed race. In 2008, 82 percent of those with fewer than five years in the industry were Caucasian.

With regards to nationality, 95 percent of the 2011 respondents were American; two percent were from Europe, one percent from Canada and one percent from Asia. In 2011, 11 percent of the respondents immigrated to the United States, a drop from 13 percent in 2008.

Work Life

Venture capitalists say they work long hours and travel regularly. Forty-four percent of those in investment roles report working more than 60 hours per week and nine percent travel more than eight nights per month. Professionals in administrative roles log fewer hours with 13 percent working more than 60 hours each week and one percent traveling more than eight nights per month.

Venture professionals tend to remain loyal to their firms. Fifty-seven percent of respondents have worked at one VC firm and 30 percent at two firms. When asked where they expect to be in five years, 49 percent of respondents expected to be at the same firm in the same role, 16 percent expected to be at the same firm in a new role and 10 percent planned to be at a new role at a new firm. Eight percent of the respondents expect to be retired of which 83 percent were over 55 years old.

Stability within the venture capital workforce comes mainly from mid-career professionals with more of the youngest and oldest groups looking to exit the asset class. In the next five years, 27 percent and 46 percents of respondents in their 20s and over 60 years old respectively plan to leave the venture industry. These figures compare to 9 percent of venture professionals in their 30s who plan to exit the asset class, 13 percent in their 40s and 19 percent in their 50s.

When it comes to social media, venture professionals are most committed to LinkedIn with 85 percent identifying themselves as users. Sixty-two percent use Facebook and 30 percent use Twitter. While 33 percent read blogs, only 11 percent write them. Ninety one percent of blog writers are investors.

Eighty-one percent of respondents are married and 75 percent have children.

Education and Background

The top universities attended by the 2011 respondents were Stanford and Harvard (both at 10 percent), University of Pennsylvania (eight percent), University of California - Berkeley (five percent), MIT (four

percent) and Duke, Northwestern, University of Michigan, Yale, and Columbia (each at three percent). In 2008 the top universities attended were Harvard (12 percent), Stanford (nine percent), University of Pennsylvania (eight percent), Duke (five percent) and MIT (five percent).

The most common undergraduate degree earned by the respondents was in economics at 21 percent, followed by business administration at 16 percent and mechanical or electrical engineering at 13 percent. Nine percent of respondents have PhDs and 70 percent have master's degrees. The MBA is the most prevalent degree with 49 percent earning the distinction. In 2008, 64 percent of those surveyed had master's or PhD degrees.

The survey showed that venture capitalists have diverse employment backgrounds. Fifteen percent of investors were once a CEO or founder of a venture-backed start-up and 14 percent were the CEO of a private (non-venture-backed) or public company. Forty-four percent were employees at public companies, 28 percent worked at private (non-venture-backed) companies and 25 percent worked at venture-backed startups. Twenty-six percent were consultants, 20 percent were investment bankers, nine percent were scientists and five percent were attorneys.

About NVCA

Venture capitalists are committed to funding America's most innovative entrepreneurs, working closely with them to transform breakthrough ideas into emerging growth companies that drive U.S. job creation and economic growth. According to a 2011 Global Insight study, venture-backed companies accounted for 12 million jobs and \$3.1 trillion in revenue in the United States in 2010. As the voice of the U.S. venture capital community, the National Venture Capital Association (NVCA) empowers its members and the entrepreneurs they fund by advocating for policies that encourage innovation and reward long-term investment. As the venture community's preeminent trade association, NVCA serves as the definitive resource for venture capital data and unites its nearly 400 members through a full range of professional services. For more information about the NVCA, please visit www.nvca.org.

About Dow Jones VentureSource

The Dow Jones VentureSource database tracks the activity of private investment firms and venture-backed companies in all industries and stages of development, worldwide. For information, visit http://www.dowjones.com/privatemarkets/.

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