Corporate Venture Investing in Aerospace & Defense

Maryam Haque | VP of Research | NVCA | mhaque@nvca.org
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What is NVCA?

Washington-based trade association that serves as the voice of venture capital firms and startups in the U.S. entrepreneurial ecosystem

Advocate
Champion policies and initiatives that support the entrepreneurial ecosystem across the U.S.
- e.g. patent reform, immigration reform, tax policy, medical innovation

Convene
Convene the ecosystem via events, networking & professional development
- e.g. Member Peer Groups, Policy Boot Camps, networking receptions

Advance
Advance the ecosystem through initiatives & benefits that help the industry operate & grow
- e.g. diversity, research, data, thought-leadership, sharing best practices
What is Venture Capital (VC)?

Rocket fuel that powers innovation & entrepreneurship

Only industry that creates new industries

Marquee brands trace roots to VC
VC Plays a Vital Role in a Startup’s Growth

**Sources of funding:** VCs, angel investors, incubators, accelerators, strategic investors (i.e. corporate venture groups), growth equity investors, private equity firms, debt investors
What is Corporate Venture Capital (CVC)?

• CVC is a type of venture capital

• Typically a corporation investing for non-control equity in a startup

• Most corporations invest off of their balance sheet, some invest through dedicated VC funds

• CVC spans all industries: software, health care, energy, hardware, media, etc.

• CVC spans investment stages: early, expansion, later
CVC Benefits for Corporations & Startups

**Corporations**
- Strategic value → innovation
- Financial returns
- R&D
- Partnerships & business devt.
  - Core or new businesses
- Industry trends/insights
- New markets
- Pipeline M&A

**Startups**
- Risk capital
- Strategic guidance
  - Partnerships
  - Manufacturing
  - Competition
- Corporate resources
- Introductions to other investors
- Technical expertise
VC Investment has Boomed Since 2009

U.S. Venture Capital Investment Activity (2006-Q3 2016)

Capital Invested (SB)  
# of deals closed

*As of 9/30/16
Source: Q3 PitchBook-NVCA Venture Monitor
CVC Accounts for 13% of No. of VC Deals

U.S. Venture Capital Activity with Corporate VC Participation (2006-Q3 2016)

*As of 9/30/16
Source: Q3 PitchBook-NVCA Venture Monitor
Note: Capital invested refers to total investment amount where CVC participated, not just CVC’s portion
Software Companies Lead CVC Activity

No. of VC Investments with Corporate Venture Capital Participation by Sector (2006-Q3 2016)

*As of 9/30/16
Source: Q3 PitchBook-NVCA Venture Monitor
Sector Focus: Aerospace & Defense VC Activity


*As of 9/30/16
Source: Q3 PitchBook-NVCA Venture Monitor.
A&D defined per PitchBook as manufacturers of equipment, parts, or products related to civil or military aerospace and defense. Includes aircraft parts, firearms, and other munitions.
CVC Investment in Aerospace & Defense


- Capital Invested ($M)
- # of deals closed

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Invested ($M)</th>
<th>Deals Closed</th>
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<tbody>
<tr>
<td>2006</td>
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% of U.S. Aerospace & Defense No. of VC Deals with CVC Participation (2006-Q3 2016)

*As of 9/30/16
Source: Q3 PitchBook-NVCA Venture Monitor
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Questions?

Please contact:
Maryam Haque
Vice President of Research at NVCA
mhaque@nvca.org

Looking for more data? Download the Q3 PitchBook-NVCA Venture Monitor