

Findings from Analysis of ATP Companies and Venture Capital

Venture Capital Funding is not Uniform Across Industries and Technology Areas

- About 30% of ATP small company participants have received some type of venture capital funding over the last twenty years.
- This suggests that over 70% of small ATP companies have not received any venture capital funding. Venture capital funding does not appear to be ubiquitous for small companies that desire it.
- Breakdown by technology area of ATP small companies receiving some type of venture capital funding:

Biotechnology	41%
Electronics	31%
IT	30%
Chem/Materials	22%
Manufacturing	13%

Fast Facts

- ATP small company participants, who received some type of venture capital funding, have averaged 5.4 funding rounds over their lifetime.
- Of the ATP small company participants who received some venture capital funding, almost 20 percent received an ATP award before they received their first round of venture capital funding.
- ATP small company participants, who received some venture capital funding, averaged 2.7 additional venture capital funding rounds after they received their first ATP award.
- The average amount raised in funding rounds before small companies receive their first ATP award is almost \$9 million. The average amount raised in funding rounds after small companies receive their first ATP award is almost \$17 million, suggesting a “halo effect” from ATP funding.
- The average post-valuation per funding round of small companies before they receive their first ATP award is almost \$50 million. The average post-valuation per funding round of small companies after they receive their first ATP award is almost \$150 million.

**NOTE:**

ATP defines small companies as those with fewer than 500 employees at the time they propose their project. A total of 753 small company participants were identified from the Advanced Technology Program's database of awardees from 1990-2004. Some of the 753 small companies were multiple awardees, and when they were removed from the sample, that left 620 unique small company participants.

VentureSource/Venture One relies upon voluntary submission of venture capital data from participating venture capital firms. If companies or investors wish to keep funding rounds secret then those will not be recorded in this data set. VentureSource/Venture One records about 95 to 98 percent of all deals and collect about 55 to 60 percent of the time the actual amounts received during each round.

"Post-valuation" equals the amount of venture capital financing received in that funding round in relationship to how much equity the venture capitalist received. For example, if the venture capitalist invested \$20 million in a company and received 20 percent equity, the post-valuation would equal \$100 million.

Source: Data from ATP-EAO and VentureSource/Venture One.

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