

MOMENT 2016

US – JAPAN VENTURE CAPITAL CONFERENCE

Future Role of Traditional VCs

Panelists: ***Eric Feng***, KPCB

Ethan Kurzweil, Bessemer Venture Partners

Moderator: ***Shin Takamiya***, Globis Capital Partners

Panel Discussion

The Future Role of Traditional VCs



Shin Takamiya
(Globis Capital Partners)



Ethan Kurzweil
(Bessemer Venture Partners)



Eric Feng
(KPCB)

Question 1

- How did your firm's model change 10 years ago and now?

Question 2

- What are the key driving forces behind the changes?

Question 3

- Do you think the changes are fundamental or they are just temporary in the up cycle?

Question 4

- What are the current key challenges VCs face or the unmet needs in the market?

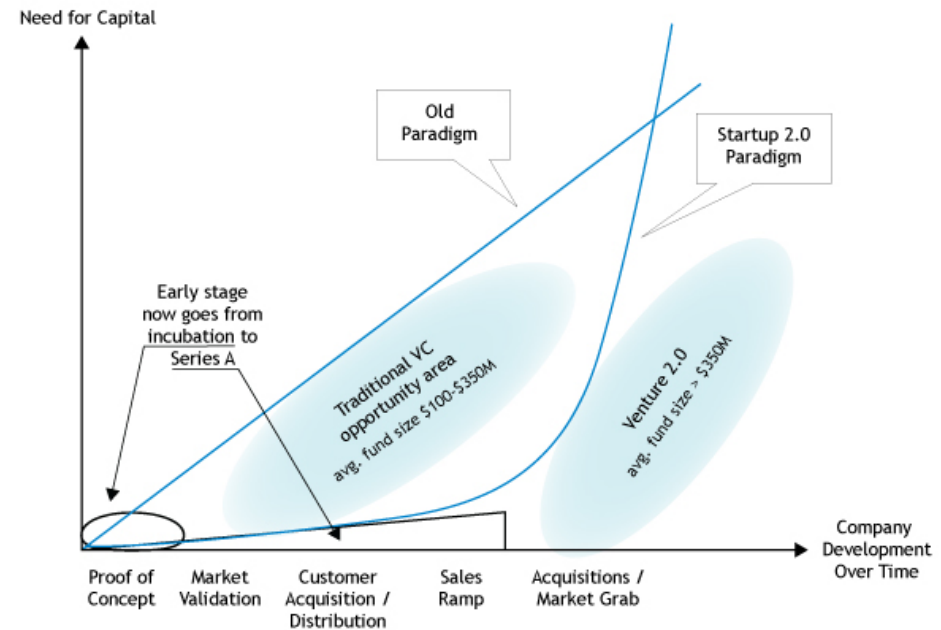
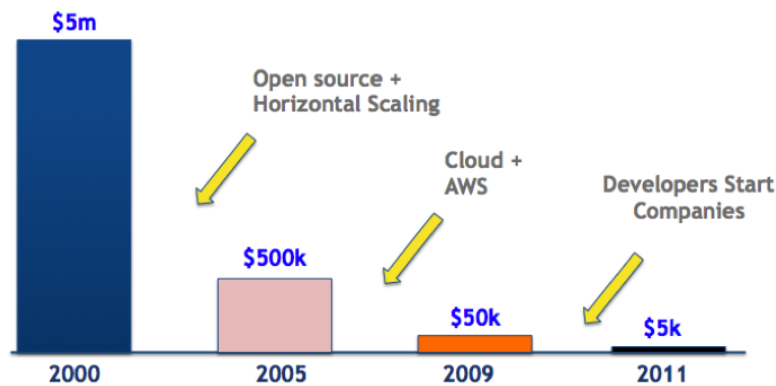
Question 5

- How do you envision the VC industry moving forward?

Q & A

Change in startup capital needs also changed VC landscape

Costs to Launch an Internet Tech Startup



- Cost to start an internet startup became 0.1-1% of that in 2000
- Proliferation of the Internet enabled startups to get traction very fast, which later got further accelerated by smartphones and tablets
- Many traditional VCs, whose fund size became larger and preferred to write larger checks, began to face a problematic mismatch between their favored investment size and stage, and the capital needs of the startups

Many new entrants emerged to fill the gap















- People who found the opportunity to provide smaller amounts of capital at attractive terms than traditional VCs started micro VCs and accelerators
- Traditional VCs needed to rethink how to connect with promising startups early on

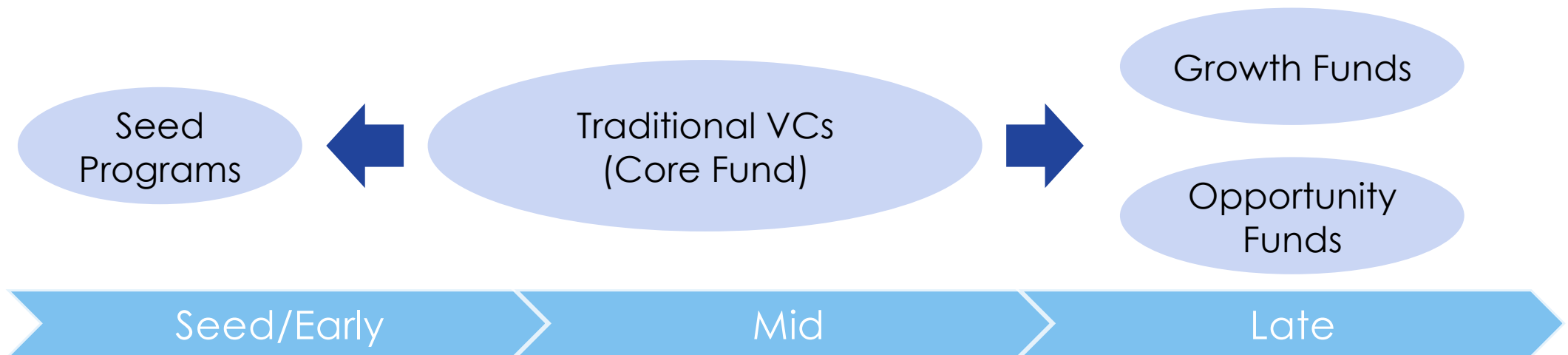
VC 2.0 has been gaining popularity

VCs peer ranking conducted by CB Insights and The New York Times

Question: rank the top 20 firms in venture as if you were an LP, i.e. who would you invest in?

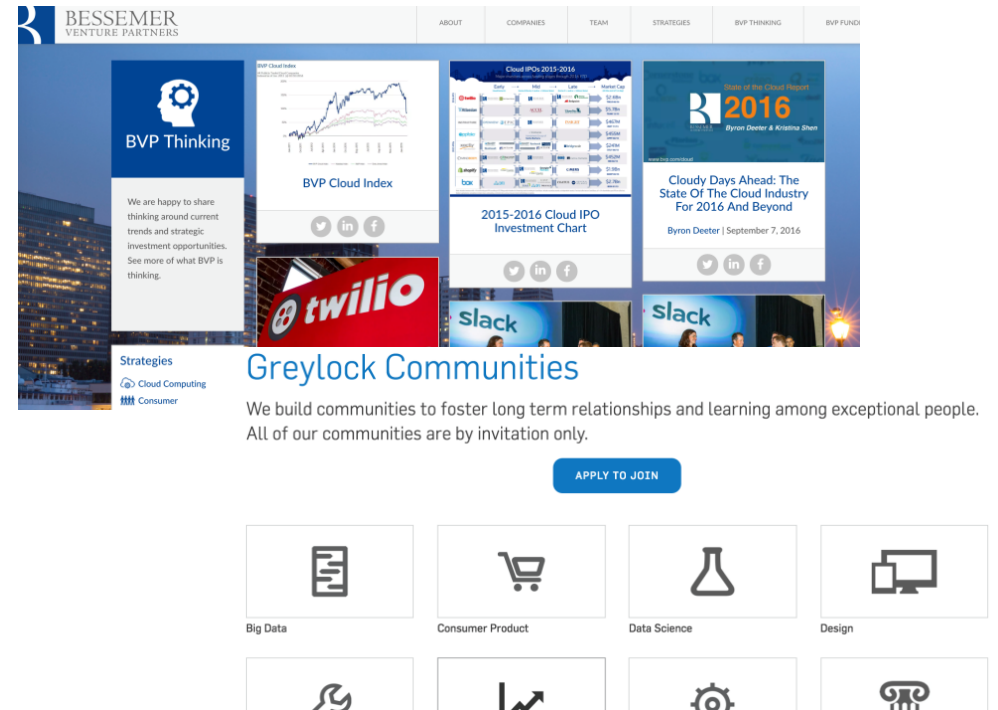
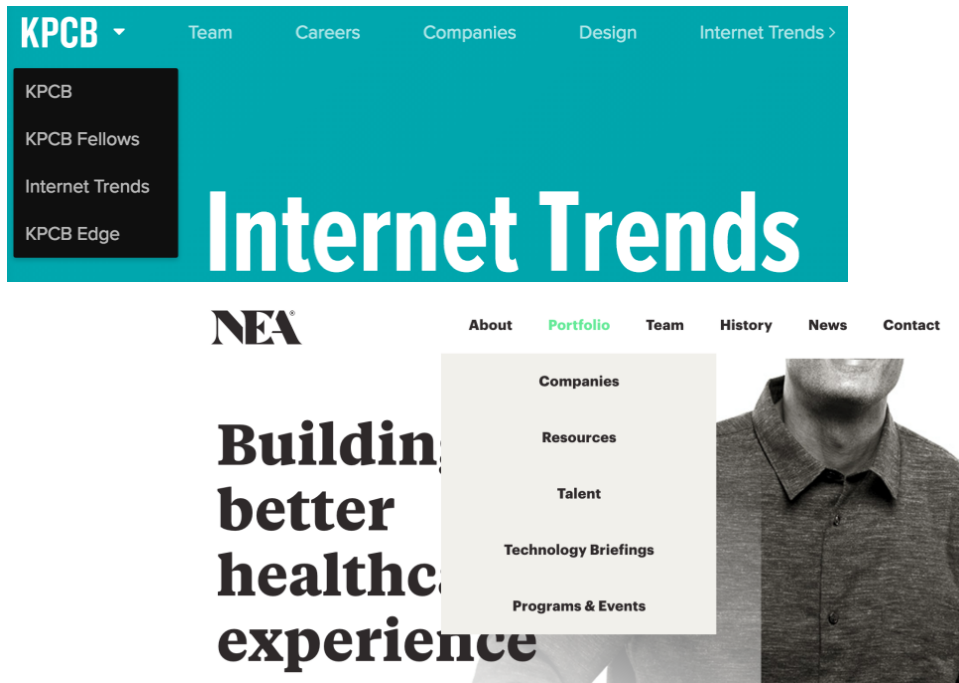
1	SEQUOIA 	1972	7		2004	14		2006
2		1995	8		1911	15		1996
3	ACCEL PARTNERS	1983	9		1972	16	khosla ventures	2004
4	greylock partners.	1965	10	NEA	1977	17	SOCIAL CAPITAL	2011
5	ANDREESSEN HOROWITZ	2009	11		2007	18		2003
6	 Union Square Ventures	2004	12	 FOUNDERS FUND	2005	19	true ventures	2006
			13	 LIGHTSPEED VENTURE PARTNERS	2000	20	FLOODGATE	2006

Traditional VCs evolved



- Traditional VCs has set up seed programs (e.g. dedicated seed investment team, allocation from core fund, scout program)
- As non-VC entrants in late stage provided more capital and helped companies remain private longer, traditional VCs formed growth/opportunity funds to capture value creation before IPO

Traditional VCs evolved



- In addition, traditional VCs ramped up efforts to support startups