



# Venture Investment in Taiwan

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Jan 15 2018

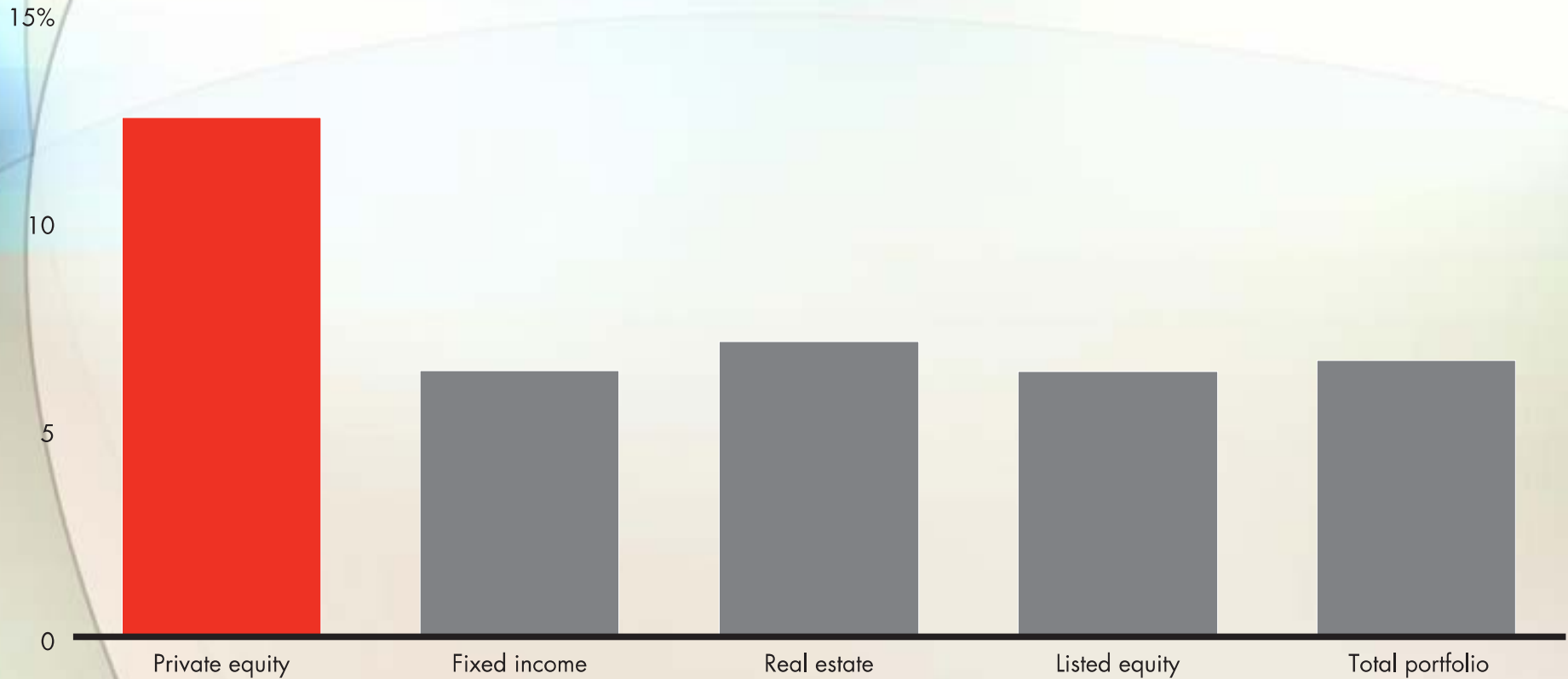
Darwin Venture Management

# What is Alternative or Private Investment?

# Why PE Investment?



Median returns for public pension funds  
(by asset class, 10-year horizon IRR, as of June 2012)



Note: Data based on review of public pension funds in North America and Europe  
Source: Preqin

# Types of Private Investment

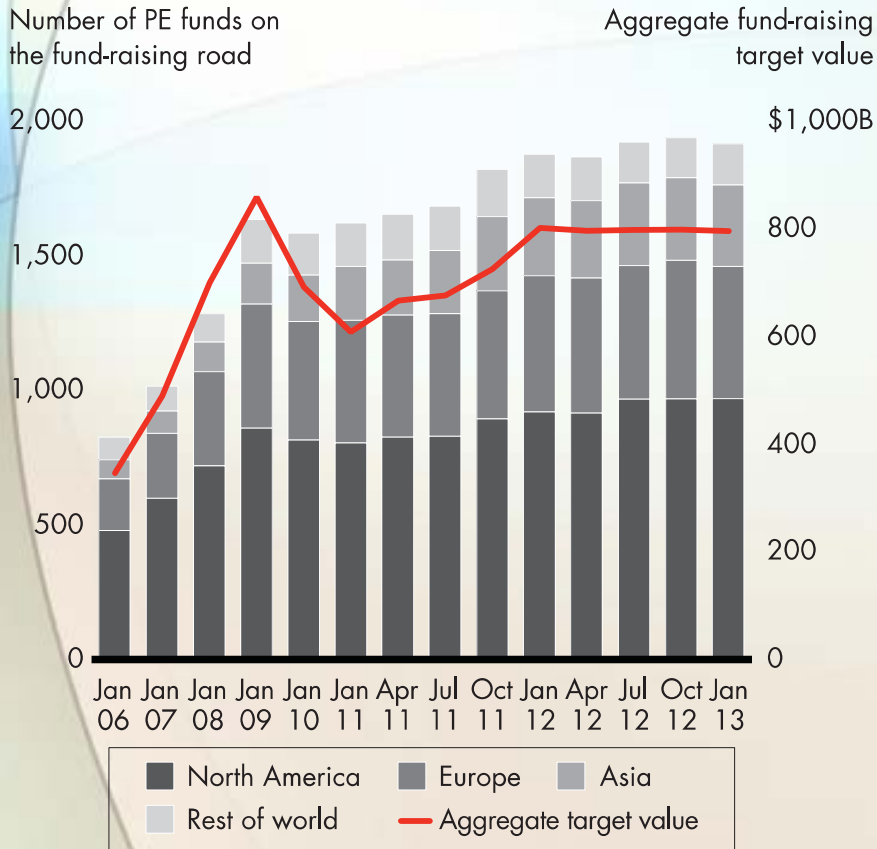


- Fund of Fund
- Buy-Out Fund (so-called "PE Fund")
- Mezzanine Fund
- Secondary Fund
- Real Estate Fund
- Venture Fund
  - Incubation / Early Stage
  - Expansion Stage
  - Late Stage
- Hedge Fund (?)

# PE Fund Overview

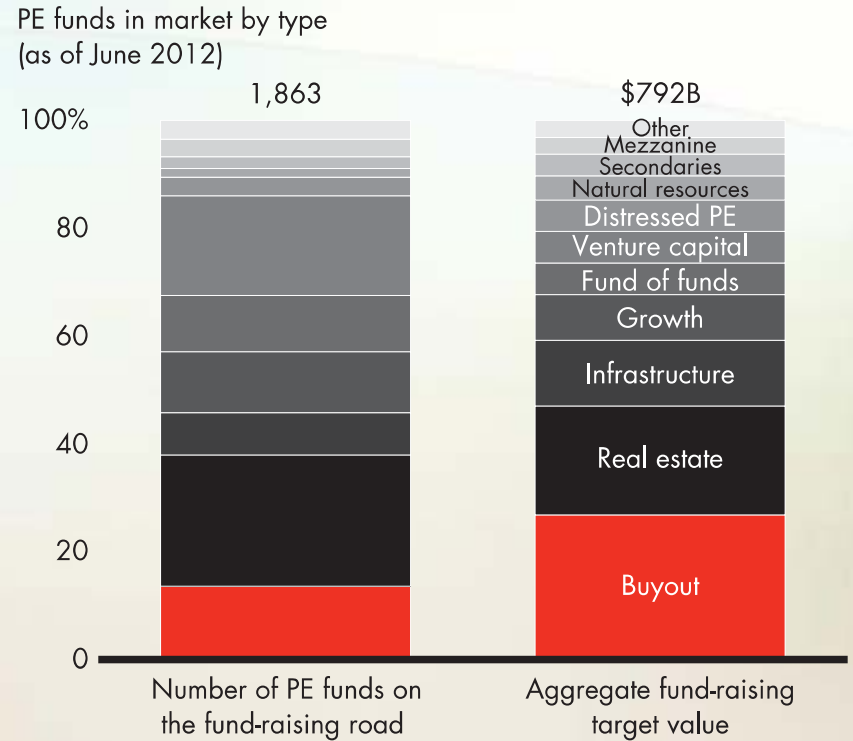


## Funds on the road and capital sought over time



Source: Preqin

## Funds on the road and capital sought split by fund type in 2012



# VC Average Fund Size (US)



Median & average VC fund size (\$M)



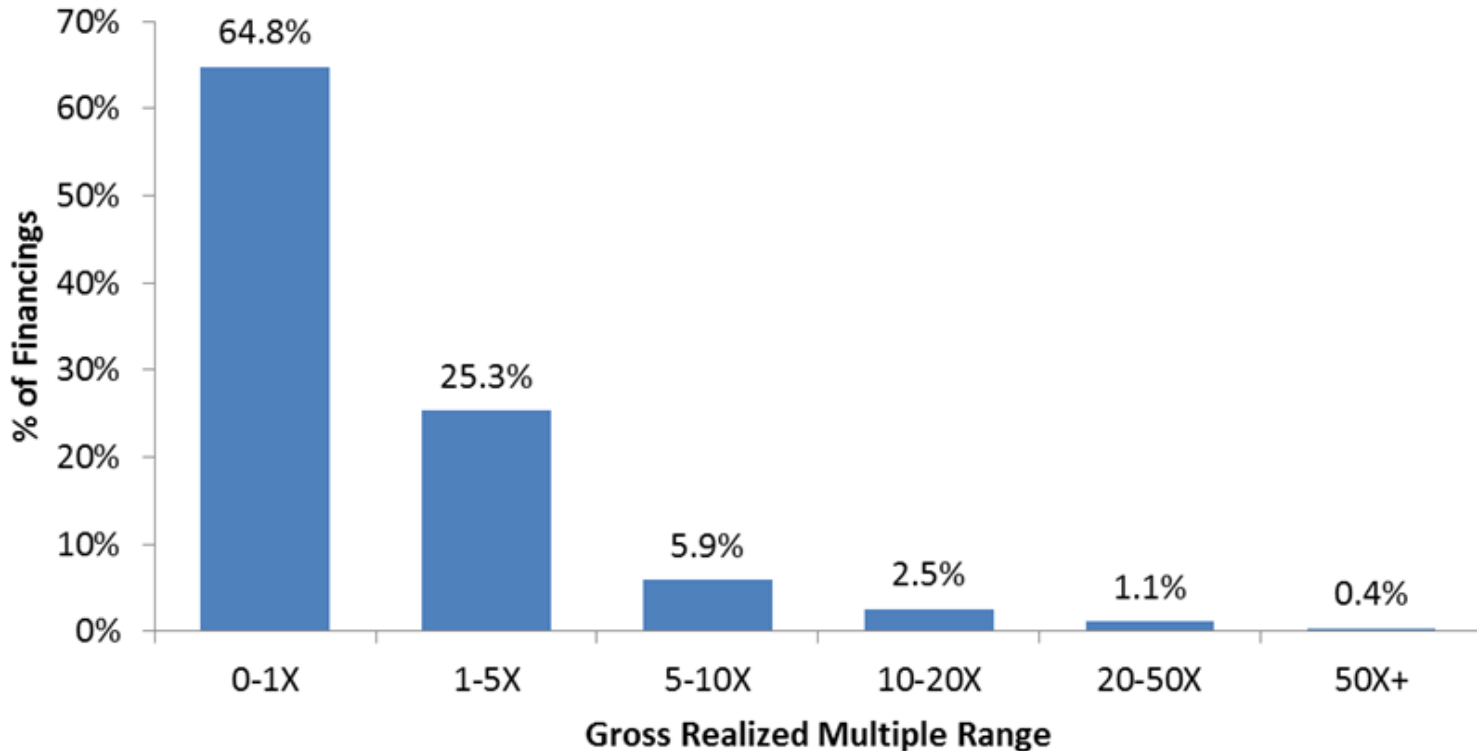
PitchBook-NVCA Venture Monitor

# Venture Returns (High Risks)



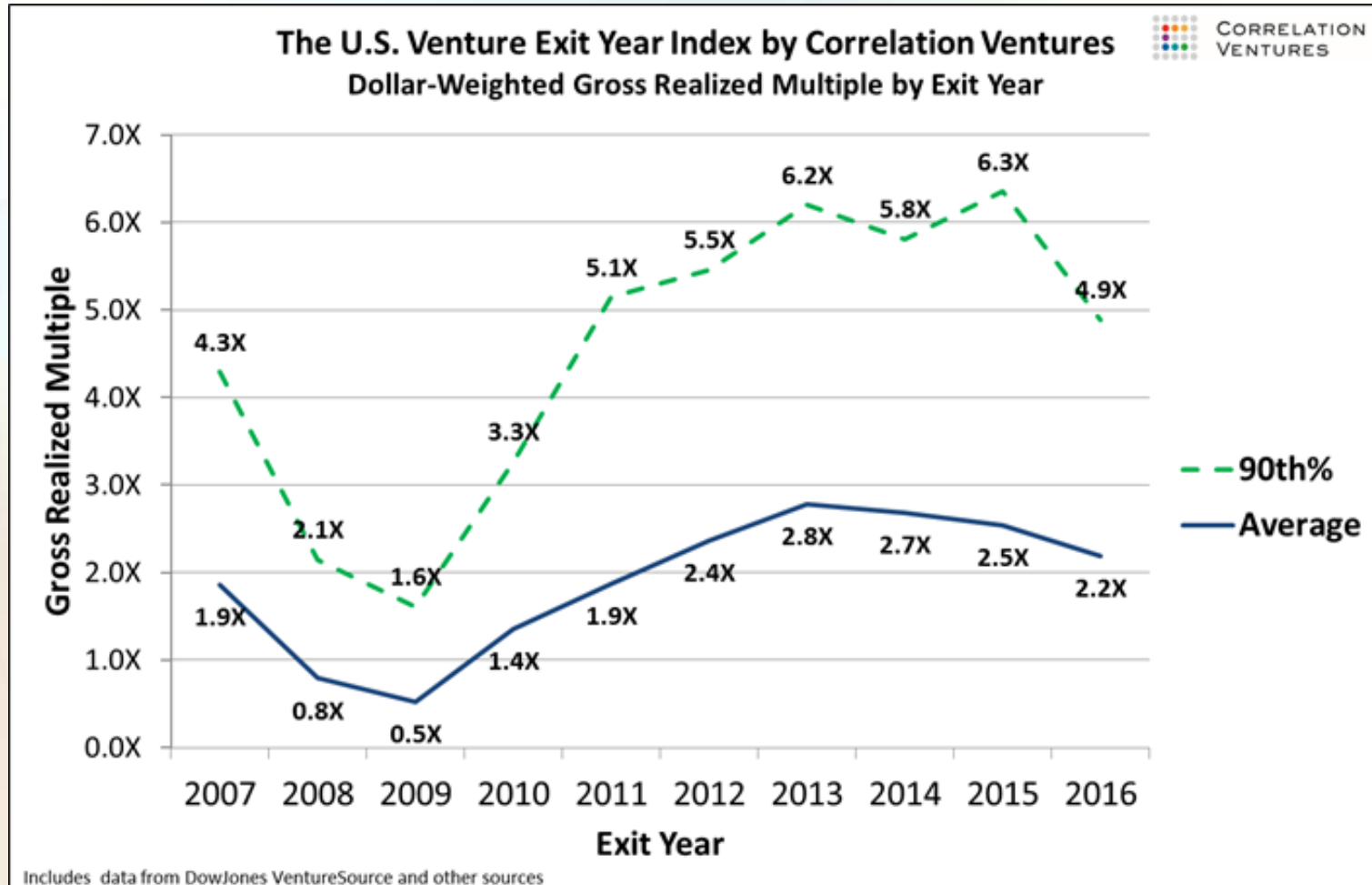
## Right-Skewed Distribution of U.S. Venture Returns

By % of financings  
in companies going out-of-business, acquired, or IPO 2004-2013  
n=21,640 financings



Includes data from Dow Jones VentureSource and other sources

# Venture Exits vs ROI





# Summary: PE Investment

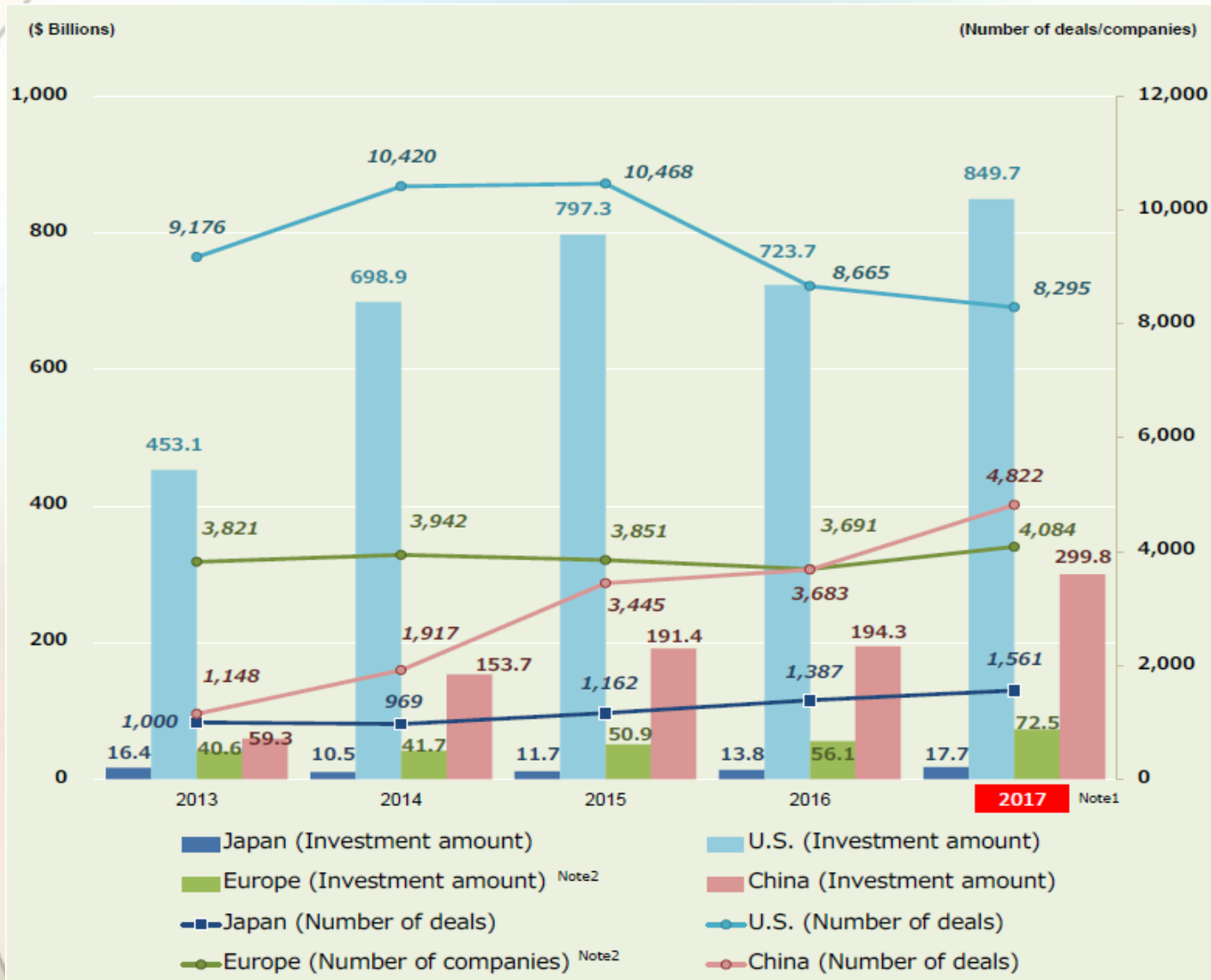


- Difficult to liquidate. Long time to exit (7-10 years). Not suitable for individuals
- Buy-out fund is the largest in category if we do not count hedge fund (>75% funding goes to this sector). Not popular in Taiwan
- VC has higher tolerance on risks than traditional buy-out funds
- VC starts in late 60' of US. Short history. US dominates
- Fund-of-fund is very popular in mature markets such as US and EU, but not in Taiwan
- In 90', Taiwanese VC is top #3 in the world; next to Silicon Valley and Israel. Now, money flows into China

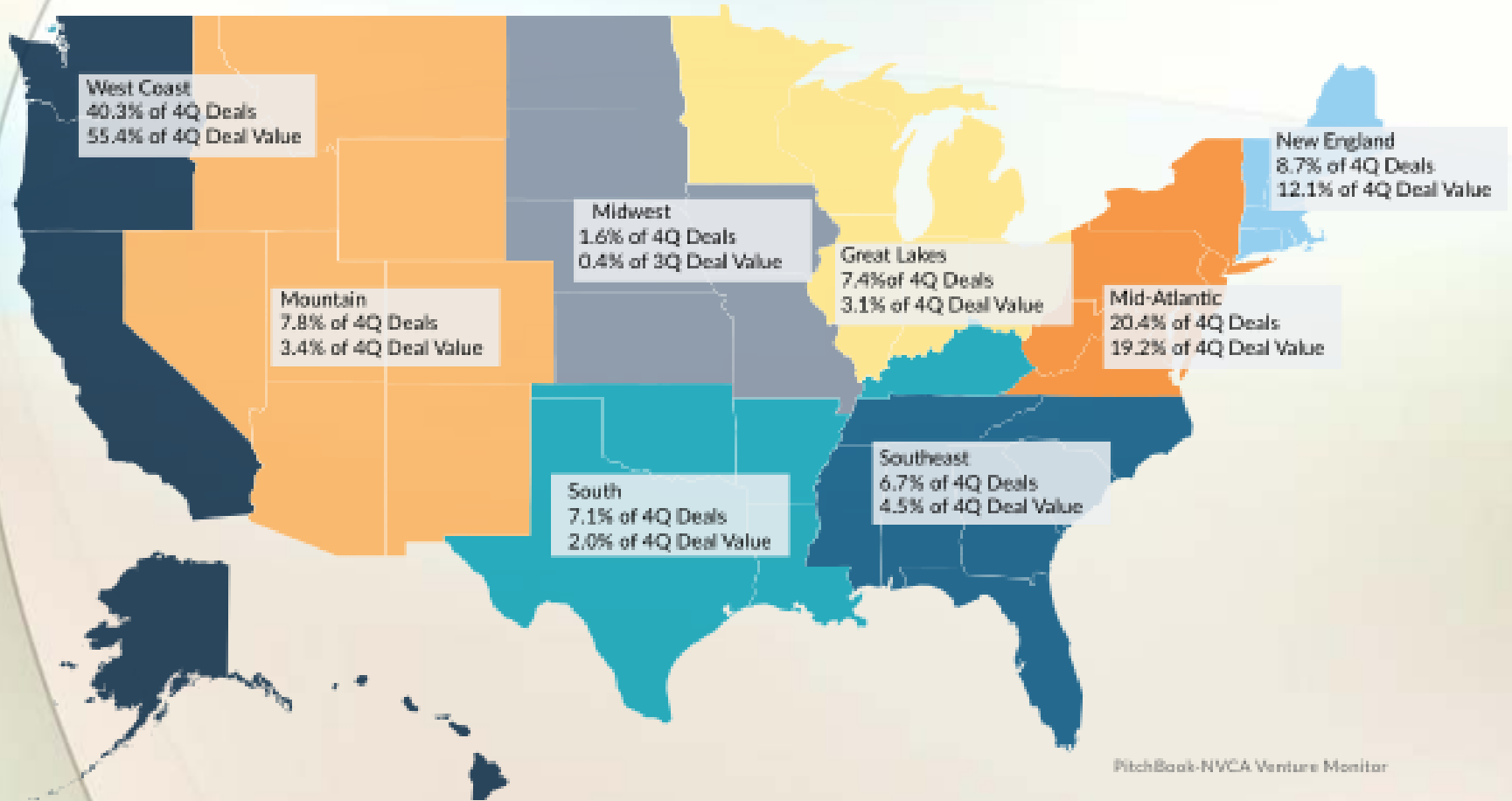


# Global VC Trend

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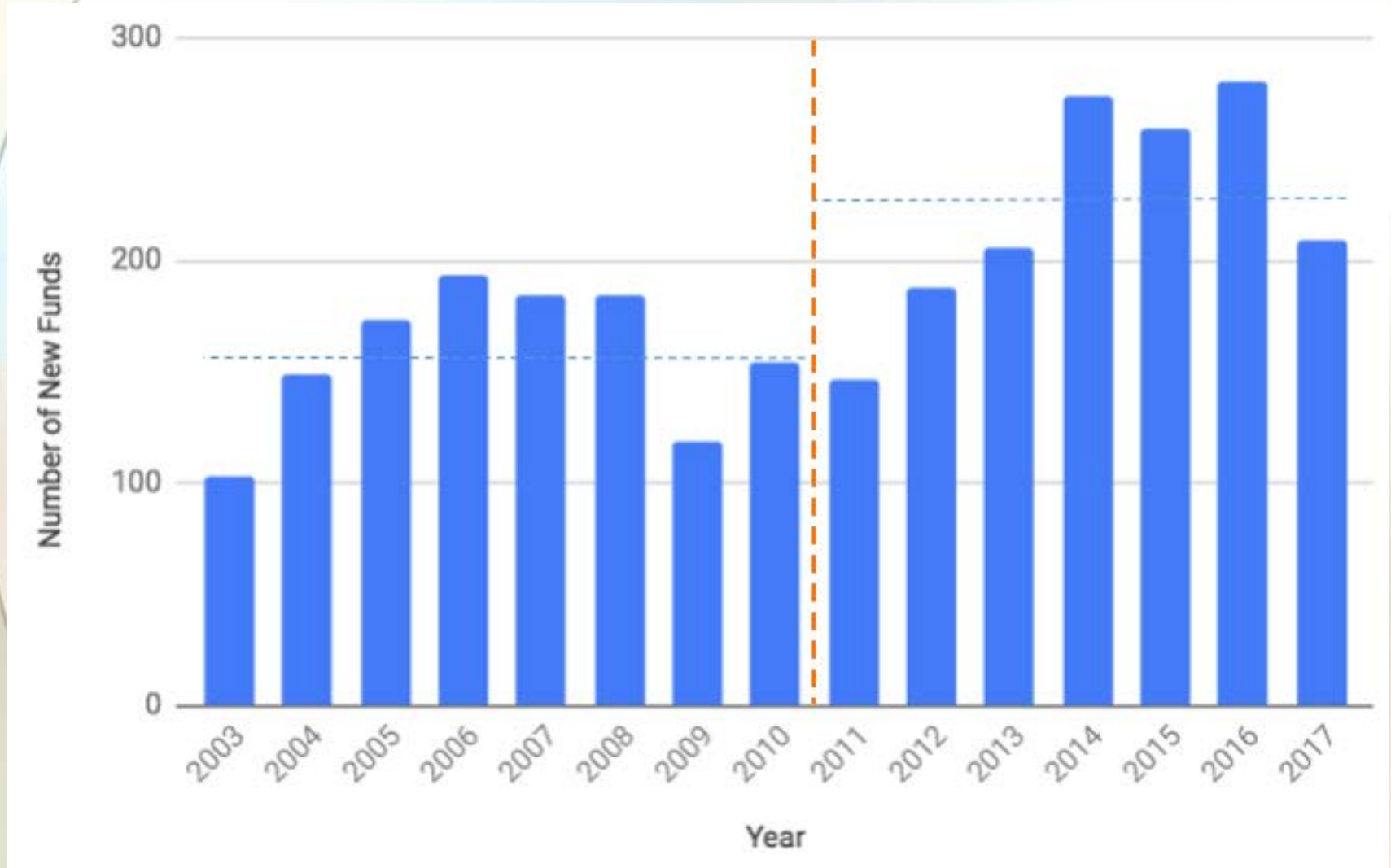


# West Coast Dominates

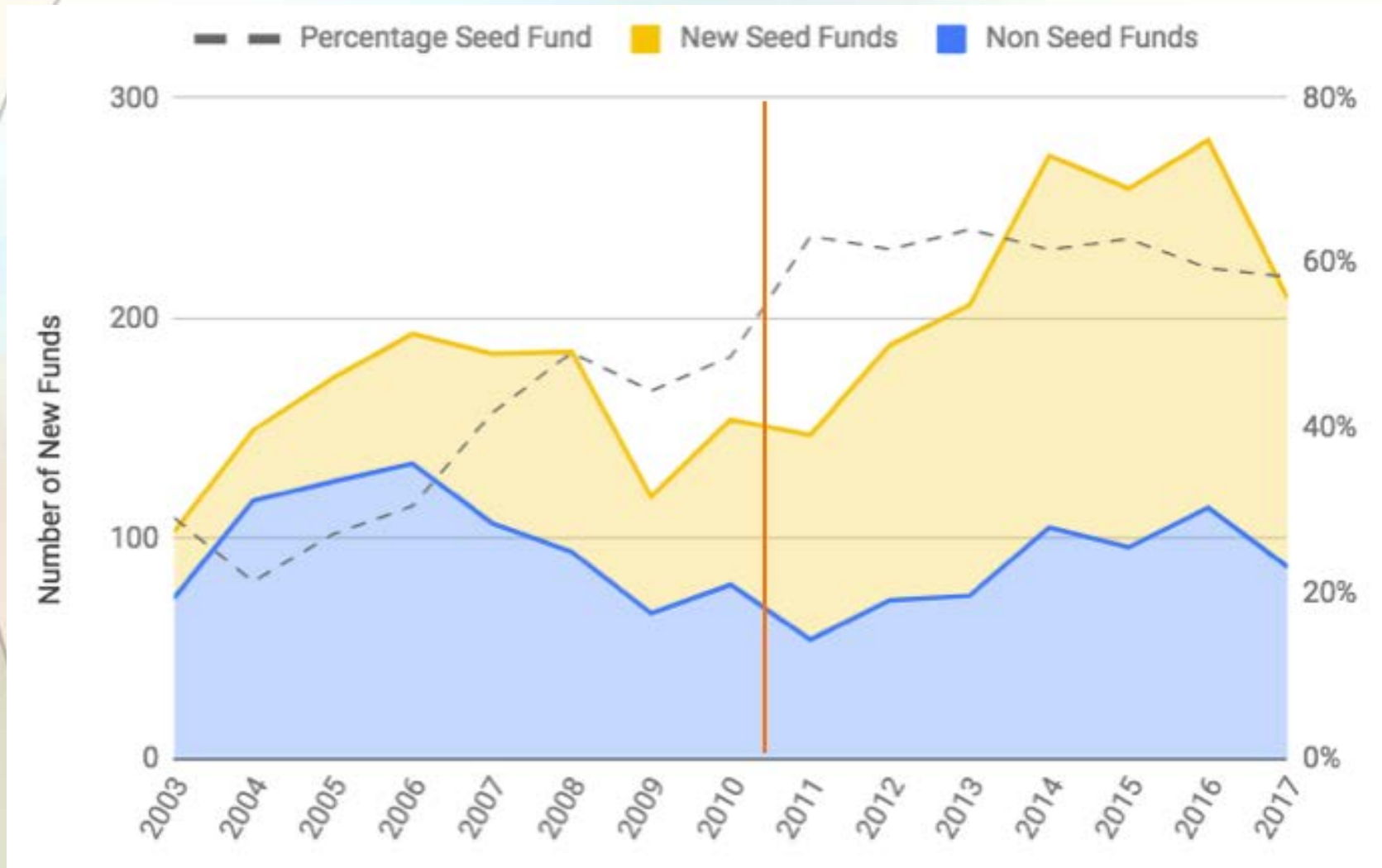


PitchBook-NVCA Venture Monitor

# New Funds in US



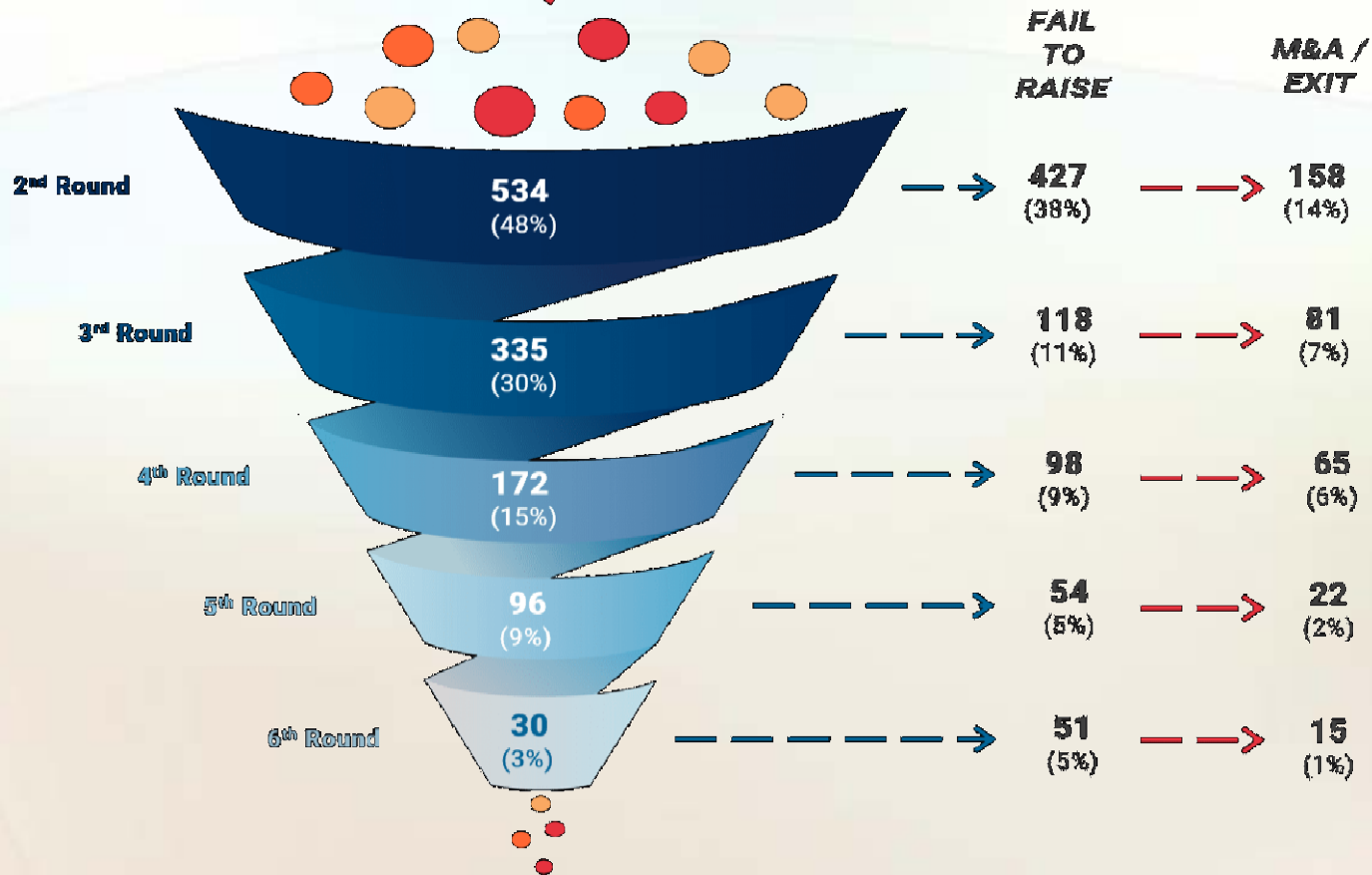
# More Seed Funds in US



# 近半新創公司活不過 Series A



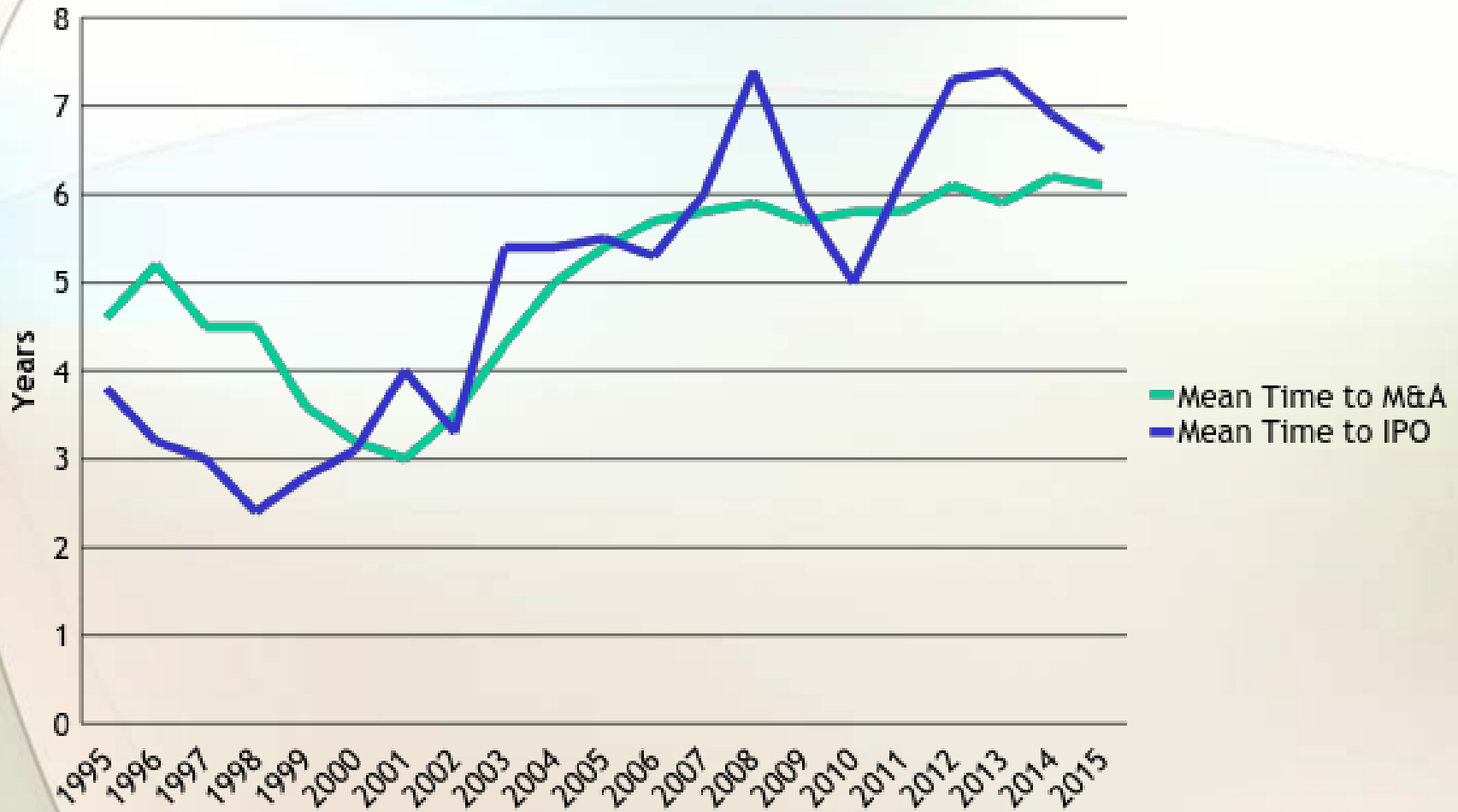
**1119 US Seed Tech Companies**



# 創投平均出場需要時間越來越長



Mean Time to Exit



Source: NVCA 2016

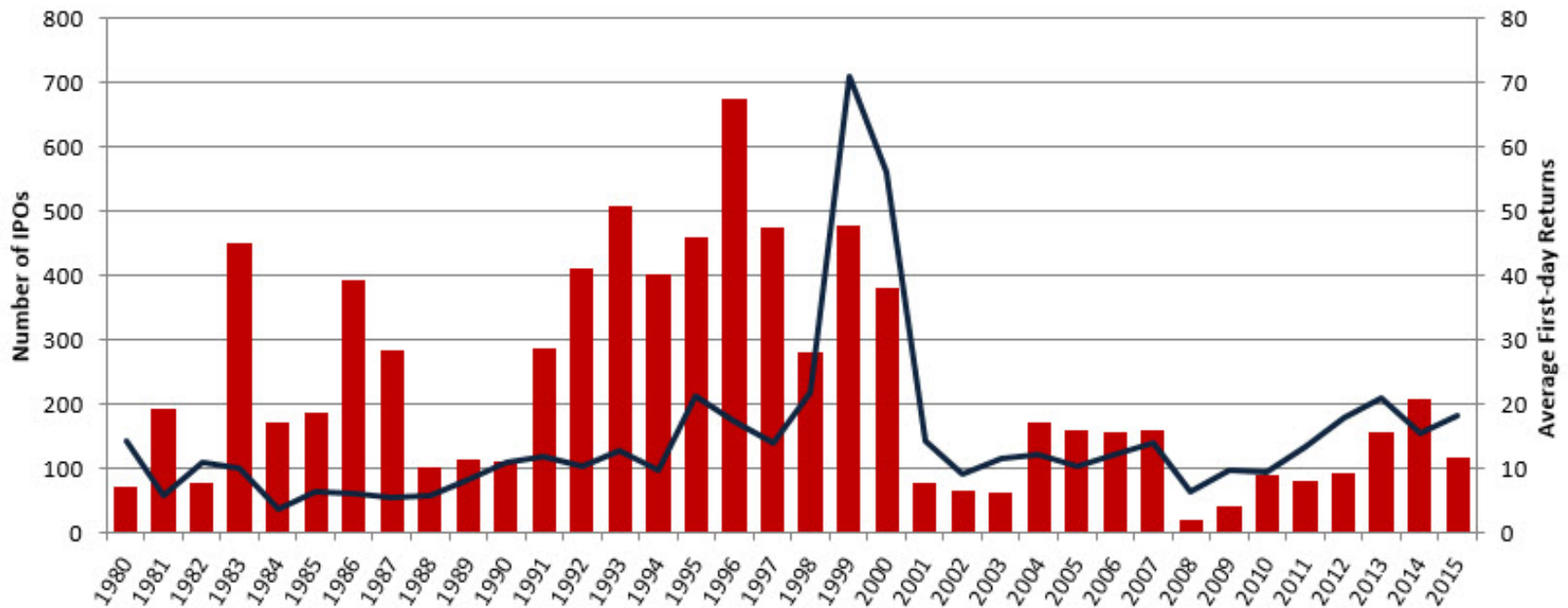


# Less IPO after Internet Bubble



## IPO volume has been very low in the U.S. since 2000

In 1980-2000, an average of **310** firms went public every year  
In 2001-2015, an average of **111** firms went public every year



Number of Offerings (bars) and Average First-day Returns (line) on US IPOs, 1980-2015

# Changing Landscape



- 新創公司出場時間變長
- 傳統VC年限8-12年
- 新型機構的出現，改變了創業圈的生態
  - Incubator 孵化器
  - Accelerator 加速器
  - Government Grants 政府補助
  - Crowd Funding 眾籌
    - Especially for hardware startups
    - Equity crowd funding
  - 創櫃板？？

# Facts on Global VC Trend

- <5% startups (or 1+%) can receive funding from VC's, but startups contribute 5.3-7.3% new job creation
- US dominates VC resource; then China
- US West Coast (mostly California) has ~50% of VC activities
- 35% IPO are VC backed; but IPO is getting difficult
- More seed fund but existing VC's are getting bigger. Big funds to support "Unicorn" startups
- Time to exit for VC becomes longer leading to "unicorn" phenomena

# Reference:

- China VC/PE: <http://www.zero2ipo.com.cn> (清科集團)
- Taiwan VC: [www.tvca.org.tw](http://www.tvca.org.tw) (臺灣創投協會)
- US VC/PE: [www.kauffman.org](http://www.kauffman.org) (Kauffman Foundation)
- Global VC: [www.kauffman.org](http://www.kauffman.org) (Kauffman Foundation);
- NVCA: <https://nvca.org> (National Venture Capital Association)
- Findit: [www.findit.org.tw](http://www.findit.org.tw) (台經院)