Venture Capital Investment by Funding Stage

- ATP funds different types of business activities than do venture capitalists. ATP funds early-stage technology development.

- In contrast, venture capitalists typically fund businesses that are already engaged in later stage business activities and well into product development. According to Branscomb and Auerswald, only seed financing rounds by venture capitalists are dedicated to early-stage technology development.

- One half of one percent of venture capital investments in 2004, $105 million out of a total of $20 billion, funded early-stage technology development, according to VentureSource data for 1998-2004 as shown.

- Only one out of four of the over 600 small firms funded by ATP have received VC funding prior to the inception of their ATP project. (Source: VentureSource)

- “[Venture capitalists] avoid early-stages, when the technologies are uncertain, and market needs are unknown … Venture money is not long-term money,” according to venture capitalist Bob Zider.

### Venture Capital Investment by Funding Stage

<table>
<thead>
<tr>
<th>Investments in Millions</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>VC funded Early-Stage Technology Development</td>
<td>$203.08</td>
<td>$551.37</td>
<td>$482.21</td>
<td>$250.65</td>
<td>$114.21</td>
<td>$77.65</td>
<td>$105.28</td>
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<tr>
<td>VC funded Product Development</td>
<td></td>
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</tbody>
</table>

One Half of One Percent of Venture Capital Investments Pay for Early-Stage Technology Development

Factsheet 1.C8 (March 2005 by Gary Anderson)

1 Branscomb and Auerswald, “Between Invention and Innovation: An Analysis of Funding for Early-Stage Technology Development, NIST GCR 02-841.” (2002)