



Opportunities in East Asia for  
Venture Capital Backed  
Companies



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# US Venture Partners

- Founded in 1981
- Early stage investment focus
- \$2.6 Billion under management
- 68 Public Companies > \$250 Billion Market Cap
- \$2 Billion Market Cap per company target
  - Information Technology (90%)
  - Medical (10%)
- Partnership with strong operational experience
- Coach, Counsel, Cash

# USVP Companies

- SUN Microsystems
- AMCC
- Cache Flow
- Checkpoint
- Harmonic
- MMC Networks
- Stratacom (Cisco)
- Netro
- Ask Jeeves
- Agility Communications
- Force 10
- LuxN
- Mayan Networks
- Blue Martini
- New Focus
- Procket
- Verity
- Nuance

# Trends Driving our Investments

- ALL DIGITAL, ALWAYS CONNECTED, ALL GLOBAL
- Rebuild of Public Network, from Core to Curbstone
- “Collision” of storage, servers, and switches
- E-Enterprise - < 10% completed
- End of vertical integration
- Internet Tsunami

# What Is Important to VCs

- Market Size – \$1 Billion threshold
- Clear Differentiation
- Defensible, Profitable Business Model
- Team – Only the best Technology
- A Real Barrier to Entry
- Strive to be #1 in Market Segment
- 2 to 4 Year Time Horizon

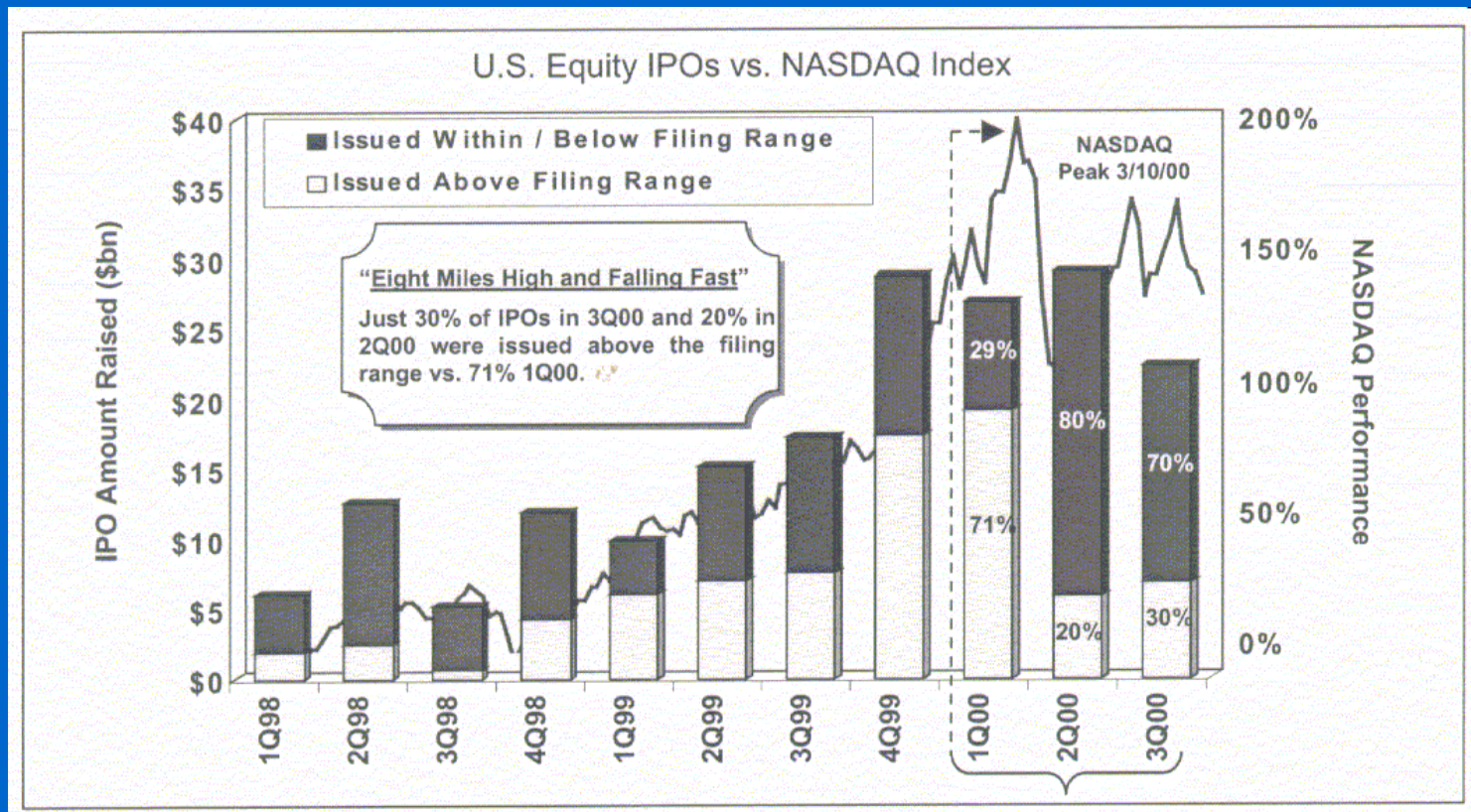
# Opportunities in East Asia?

- Silicon Valley
  - Entrenched Entrep.
  - Centers of Technical Excellence
  - Large Local Markets
  - Patient Capital
  - Stable Legal/Regulatory Landscape
- East Asia
  - Emerging Entrep.
  - Emerging Centers of Tech. Excellence
  - Huge Latent Local Markets
  - Patient Capital?
  - Volatile Legal/Reg.

# Issues Going Forward

- Play to Strength - Mfg, Assy, Supply Chain
- Don't Try to Replicate US Models
- Focus on Infrastructure
- Develop Local Talent
- Be More Patient
- Be Bold, BUT Accept Reality

# U.S. Equity IPOs vs. NASDAQ Index



Source: SDC, FactSet and EquiDesk



# S&P 500 Market Capitalization Mix

1/1/00

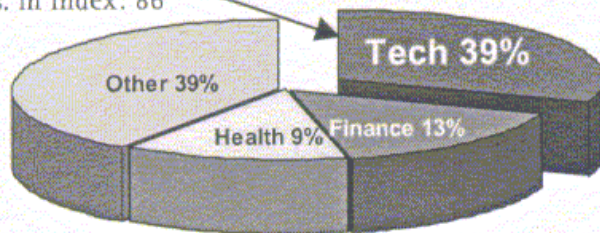
11/30/00

S&P 500 Market Capitalization Mix: 1/1/00 and 11/30/00

January 1, 2000: Market Cap = \$12.4tn

Tech Mkt Cap: \$4.8tn

Tech Cos. in Index: 86

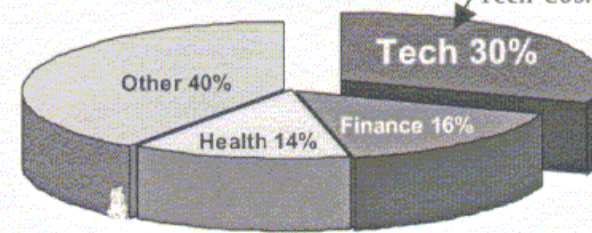


November 30, 2000: Market Cap = \$11.6tn

Tech Mkt Cap: \$3.6tn

Tech Cos. in Index: 91

Market cap breakdowns



Source: Thomas Weisel Partners LLC, FactSet.

# Venture Capital Funding

## Venture Capital Funding: 1Q00 to 3Q00 Vs. 1999 (\$bn)

### Funds Raised by Venture-Backed Companies Overall

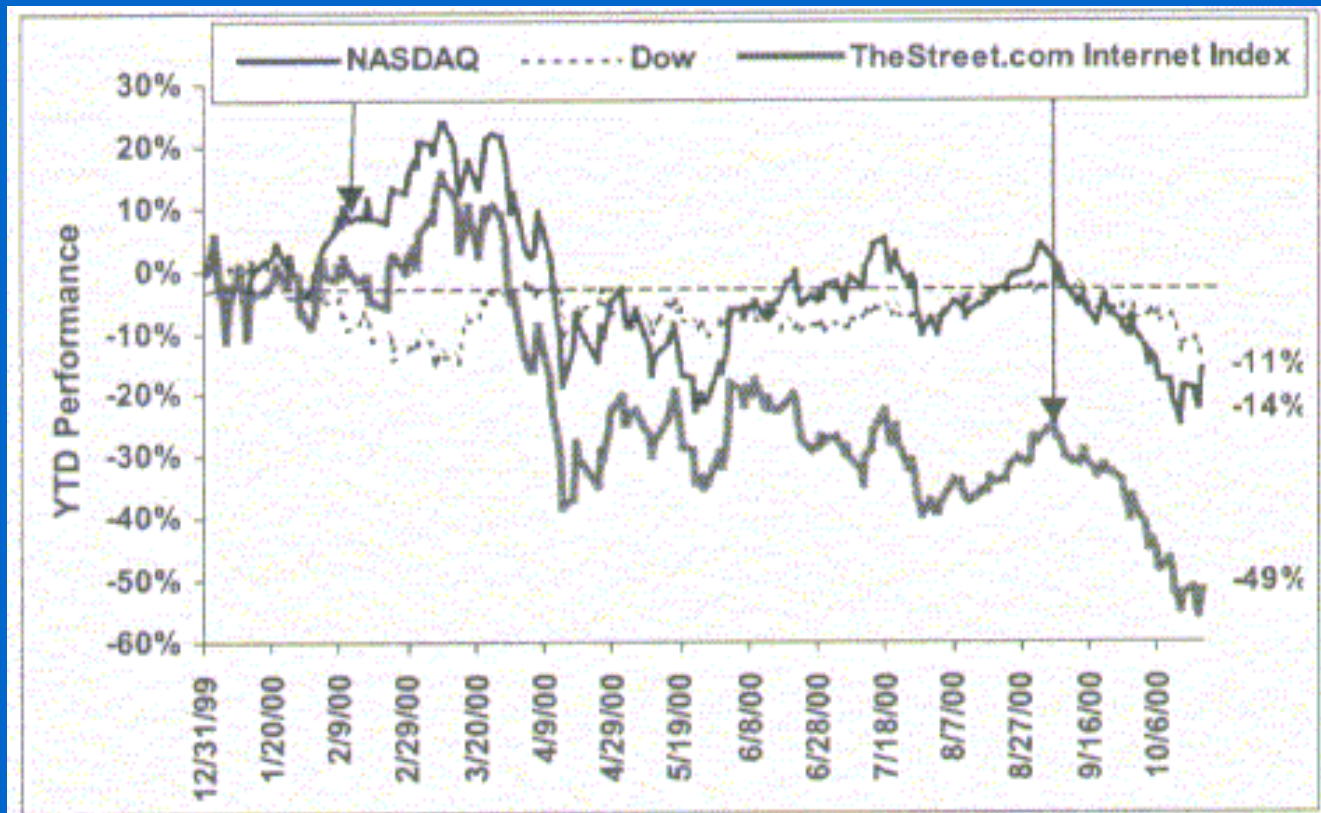
Industry Sector	1Q'00		2Q'00		3Q'00		1Q'00 to 3Q'00 Total		1999 Total	
	# of Deals	Amt Raised	# of Deals	Amt Raised	# of Deals	Amt Raised	# of Deals	Amt Raised	# of Deals	Amt Raised
Info. Svcs, Communications & S/W*	466	\$8.7	489	\$9.4	430	\$9.1	1385	\$27.2	1452	\$19.0
Semiconductor/Electronics	37	\$0.5	51	\$0.8	49	\$1.1	137	\$2.3	153	\$1.5
Healthcare	135	\$1.7	112	\$1.1	126	\$1.6	373	\$4.4	421	\$3.3
Consumer Products/Services*	405	\$6.6	360	\$5.4	246	\$3.9	1011	\$15.9	714	\$8.3
Other*	41	\$0.7	42	\$0.5	28	\$0.5	111	\$1.7	229	\$4.4
<b>Total Venture Funding</b>	<b>1,084</b>	<b>\$18.2</b>	<b>1,054</b>	<b>\$17.2</b>	<b>879</b>	<b>\$16.1</b>	<b>3,017</b>	<b>\$51.5</b>	<b>2,969</b>	<b>\$36.5</b>

### Funds Raised by Internet-Related Companies (subset of \* above)

Industry Sector	1Q'00		2Q'00		3Q'00		1Q'00 to 3Q'00 Total		1999 Total	
	# of Deals	Amt Raised	# of Deals	Amt Raised	# of Deals	Amt Raised	# of Deals	Amt Raised	# of Deals	Amt Raised
Bus. Svcs, Content & e*Commerce	572	\$9.3	538	\$8.2	335	\$5.5	1445	\$22.9	1208	\$16.4
Infrastructure/ISPs	115	\$3.3	106	\$4.0	142	\$4.5	363	\$11.8	194	\$4.1
Software/Database	184	\$2.8	189	\$2.6	187	\$3.1	560	\$8.5	450	\$4.8
<b>Total Internet Funding</b>	<b>871</b>	<b>\$15.4</b>	<b>833</b>	<b>\$14.8</b>	<b>664</b>	<b>\$13.1</b>	<b>2,368</b>	<b>\$43.3</b>	<b>1,852</b>	<b>\$25.3</b>

Source: VentureSource, Thomas Weisel Partners LLC.

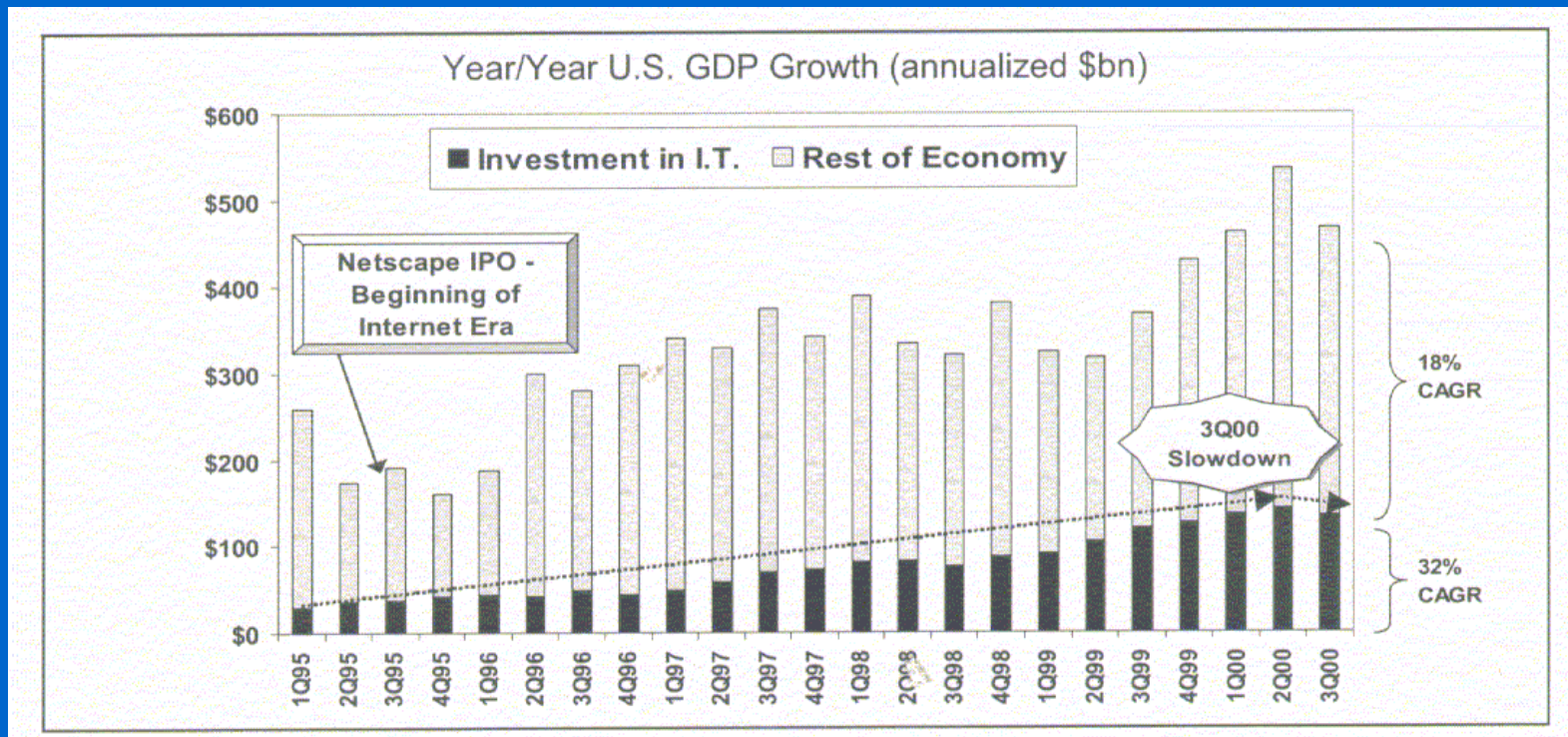
# Major Indices YTD Performance



Source: Baseline



# Year/Year U.S. GDP Growth (annualized \$bn)



Source: FactSet, US Department of Commerce, Thomas Weisel Partners LLC.