

ANNEX C

International comparability of venture capital data

Aggregate data on venture capital provide useful information on trends in the venture capital industry. These data are typically compiled by national or regional Private Equity and Venture Capital Associations, often with the support of commercial data providers. The quality and availability of aggregate data on venture capital have improved considerably in recent years; international comparisons, however, remain complicated because of two main problems.

The first difficulty comes from the *lack of a standard international definition of venture capital*. While there is a general understanding, the definition of the types of investments included in venture capital varies across countries and regions. In some cases, differences are purely linguistic; in others, they are more substantive.

The second problem relates to the *diverse methodologies employed by data compilers*. The completeness and representativeness of venture capital statistics with respect to the venture capital industry of a country will differ depending on how data were collected.

The following tables illustrate differences concerning respectively: the definition of private equity and venture capital (Table C.1); the breakdown of venture capital investment by stage of development (Table C.2); the breakdown of venture capital investment by sector (Table C.3); and the methods of data collection (Table C.4).

The sources of venture capital data reviewed include:

Australian Bureau of Statistics, *Venture Capital and Later Stage Private Equity*.

CVCA - Canada's Venture Capital and Private Equity Association.

Invest Europe, *Invest Europe Yearbook*.

KVCA - Korean Venture Capital Association.

NVCA/PitchBook - National Venture Capital Association/PitchBook quarterly report, United States.

NZVCA - New Zealand Private Equity and Venture Capital Association.

PwC MoneyTree, Israel.

RVCA - Russian Venture Capital Association.

SAVCA - South African Venture Capital and Private Equity Association/KPMG.

VEC - Venture Enterprise Center, Japan.

Table C.1. **Definitions of private equity and venture capital**

| Source | Private equity (PE) | Venture capital (VC) |
|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Invest Europe | PE is equity capital provided to enterprises not quoted on a stock market. | VC is a subset of private equity and refers to equity investments made to support the pre-launch, launch and early stage development phases of a business. |
| National Venture Capital Association - United States (NVCA)/PitchBook | PE is equity investment in non-public companies, usually defined as being made up of venture capital funds. Real estate, oil and gas, and other such partnership are sometimes included in the definition. | VC is a segment of the private equity industry which focuses on investing in start-up companies with high growth potential and accompanying high risk. |
| Australian Bureau of Statistics (ABS) | (Later Stage) PE is an investment in companies in later stages of development, as well as investment in underperforming companies. These companies are still being established, the risks are still high and investors have a divestment strategy with the intended return on investment mainly in the form of capital gains (rather than long-term investment involving regular income streams). | VC is a high risk private equity capital for typically new, innovative or fast growing unlisted companies. A venture capital investment is usually a short to medium-term investment with a divestment strategy with the intended return on investment mainly in the form of capital gains (rather than long-term investment involving regular income streams). |
| Canada's Private Equity and Venture Capital Association (CVCA) | The generic term for the private market reflecting all forms of equity or quasi-equity investment. In a mature private equity universe, there are generally three distinct market segments: Buyout Capital, Mezzanine Capital and Venture Capital. | A specialized form of private equity, characterized chiefly by high-risk investment in new or young companies following a growth path. |
| Korean Venture Capital Association (KVCA) | PE means an equity investment method with fund raised by less than 49 Limited Partners. It takes a majority stake of company invested, improves its value and then obtains capital gain by selling stock. | Company/Fund investing in early-stage, high-potential and growth companies. |
| Venture Enterprise Center -Japan (VEC) | PE is an investment method by which investors are involved in the management and governance of enterprises for the improvement of its value by providing those enterprises, in different developing stages and business environments, with necessary funds. | Funds provided via shares, convertible bonds, warrants etc. to venture businesses, which are closed (non-public) small and medium size enterprises with growth potentials. |

Table C.2. **Breakdown of venture capital by stage, selected VC associations and OECD**

| | | Invest Europe | NVCA/ PitchBook | PwC Money Tree – Israel | ABS - Australia | CVCA | VEC | KVCA | NZVCA | RVCA | SAVCA | OECD |
|----------------|----------------------|--------------------------------------------------------------------|---------------------------------|---------------------------------|------------------------------------------------------|-------------------------------------------------------|-------------|-----------------|--------------------------------------------------|---------------------------------------------------|------------------------------------------------------------|-----------------------------------|
| Private equity | Venture capital | Seed | Angel/Seed | Seed/ Start-up | Pre-seed | Seed | Seed | Early stage | Seed/ Start-up | Seed/ Start-up | Seed | Pre-seed/ Seed |
| | | Start-up | Early VC | Early stage/ Expansion stage | Start-up | Start-up | Early stage | Expansion stage | Early stage Expansion | Other early stages | Start-up and early stage | Start-up/ Other early stage |
| | | Other early stage | | | | Other early stage | Expansion | | | | | |
| | | Later-stage venture | | | | Expansion | Later | | Expansion | | | Later stage venture |
| | Other Private Equity | Growth capital/ Rescue/ Turnaround Replacement, Buyout | Buyout and mezzanine capital | | Late Expansion, Turnaround, LBO/MBO/ MBI | Acquisition/ Buyout, Turnaround, Other stage | | Later stage | Turnaround Mid-market PE, Buyout PE | Expansion Restructuring Later stage | Expansion and development Replacement, Buyout | Other Private Equity |

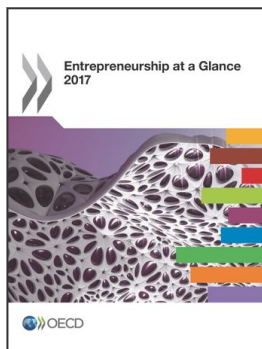
Note: CVCA includes “Expansion” in “Other Private Equity”. NZVCA includes “Turnaround” in “Venture capital”.

Table C.3. Breakdown of venture capital by sector, Europe and United States

| OECD classification | United States – NVCA/PitchBook | Europe – Invest Europe |
|--------------------------------------------------------|--------------------------------|------------------------------------------------|
| ICT (Information and communications technology) | Information technology | ICT (Communications, computer and electronics) |
| Life sciences | Healthcare | Biotech and healthcare |
| Industrial/Energy | Energy | Energy and environment |
| | Materials and resources | Chemicals and materials |
| Other | B2C (Business to consumer) | Consumer goods and services |
| | B2B (Business to business) | Business products and services |
| | Financial services | Financial and insurance activities |
| | | Agriculture |
| | | Real estate |
| | | Construction |
| | | Transportation |
| | | Other |

Table C.4. Methods for collecting data on venture capital

| | |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ABS | Census of VC and later stage PE funds domiciled in Australia and identified by the Australian Bureau of Statistics. Investments by non-resident funds in Australian investee companies are out of scope of the survey; however funds sourced from non-residents and Australian funds investing in non-resident companies are in scope. |
| CVCA | Quarterly surveys of PE fund managers active in the Canadian industry, conducted by Thomson Reuters. Coverage of the industry is claimed to be very high. |
| Invest Europe | <p>For the 2016 European Private Equity report, a new database, the European Data Cooperative (EDC), replaced the previous database PEREP_Analytics. All relevant historic data were migrated to the EDC system. All data since 2007 were restated and complemented with additional information. All audit efforts are conducted in close coordination with data contributors and partnering national associations to ensure the best coverage and consistent application of methodology and definitions.</p> <p>The EDC was developed by Invest Europe and its national association partners to collect Europe-wide industry activity on fundraising, investments and divestments. It remains a non-commercial pan-European private equity database with its own staff and resources courtesy of the associations that own and operate it. Its approach is based on a Census of European PE and VC firms identified by Invest Europe and its PE and VC partner associations. Firms are surveyed on a half-year and annual basis. Throughout the data-collection periods, the associations are contacting non-respondents to encourage participation in the survey. Information can be complemented by data from public sources (e.g. press, media, websites of PE and VC firms or their portfolio companies); data are included if complying with rules defining the qualifying fund managers (GPs), the transaction date, the relevant amounts and the qualitative parameters. Two independent public sources are usually required before information is added to the database.</p> |
| KVCA | Census of registered Korean VC firms (for registration, the capital of a VC firm should exceed 5000 won). By law, VC firms report their activities monthly. |
| NVCA/Pitchbook | NVCA/PitchBook report: Quarterly study of venture capital investment activity in the United States, produced by NVCA in cooperation with PitchBook. The report includes the investment activity (in investee companies domiciled in the United States) of professional venture capital firms with or without a US office, Small Business Investment Companies (SBICs), corporate VC, institutions, investment banks and similar entities whose primary activity is financial investing. Angel, incubator and similar investments that are part of a VC round are included if they involve cash for equity and not buyout or services in kind. Data are primarily obtained from a quarterly survey of venture capital practitioners conducted by PitchBook. Information is augmented by other research techniques including other public and private sources. All data are subject to verification with the venture capital firms and/or the investee companies. |
| NZVCA | Survey of VC and PE participants in the New Zealand market performed by NZVCA and Ernst & Young, including firms from both New Zealand and Australia (the 2011 sample consisted of 21 responses). Also included is any publicly announced information (e.g. S&P Capital IQ; New Zealand Venture Investment Fund's <i>Young Company Finance</i> publication). NZVCA and Ernst & Young acknowledge that a small number of industry participants elect not to participate in the survey. |
| Israel/PwC | The MoneyTree™ Report: Quarterly study by PwC Israel. |
| RVCA | Survey of PE and VC funds active in the Russian market completed with information from interviews with Russian PE&VC industry experts and open sources. In 2012, the review of data covered more than 180 funds. RVCA considers that the total figures collected adequately reflect the Russian market trends. |
| SAVCA | Survey of PE industry participants, conducted by KPMG and SAVCA. Investments are included if there are made in South Africa, regardless of where they are managed from. Investments in private equity from corporates, banks and Development Financing Institutions are covered. In 2012, the survey obtained 95 responses representing 102 funds; information from 15 additional PE firms representing 15 funds was added drawing from alternative sources. KPMG and SAVCA estimate that the survey represents in excess of 90% of the South African Private Equity industry by funds under management. |
| VEC | Survey of VC investors identified by VEC. |



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