

Venture capital investments by sector

Key facts

- Significant regional differences exist in the types of firms attracting venture capital. In 2015, in the United States the computer and consumer electronics attracted 43.3% of the total, followed by life sciences (19%) and communications (16.5%). In Europe, life sciences was the sector with the highest venture capital investments (34% of the total), followed by computer and consumer electronics (20%) and communications (18.6%).
- Between 2007 and 2015, the venture capital investment gap widened between the United States and Europe in all sectors.

Relevance

Venture capital is a form of equity financing particularly important for young companies with innovation and growth potential but untested business models and no track record; it replaces and/or complements traditional bank finance. Venture capital seeks to generate big returns on small initial investments and mostly in sectors with low capital requirements, such as in ICT or life sciences. Sectors with typically higher capital requirements such as real estate and mining attract a comparatively smaller amount of venture capital investments.

Comparability

There are no standard international definitions of either venture capital or the breakdown of venture capital

Definitions

Venture capital is a subset of private equity (i.e. equity capital provided to enterprises not quoted on a stock market) and refers to equity investments made to support the pre-launch, launch and early stage development phases of a business (Source: Invest Europe, formerly European Private Equity and Venture Capital Association – EVCA).

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

investments by stage of development. In addition the methodology for data collection differs across countries.

Data on venture capital are drawn mainly from national or regional venture capital associations that produce them, in some cases with the support of commercial data providers, except for Australia, where the Australian Bureau of Statistics collects and publishes statistics on venture capital.

In the *OECD Entrepreneurship Financing Database* venture capital is made up of the sum of *early stage* (including pre-seed, seed, start-up and other early stage) and *later stage* venture capital. As there are no harmonised definitions of venture capital stages across venture capital associations and other data providers, original data have been re-aggregated to fit the OECD classification of venture capital by stages. Korea, New Zealand, the Russian Federation and South Africa do not provide breakdowns of venture capital by stage that would allow meaningful international comparisons.

Table C.3 (Annex C) shows the correspondence between original data and OECD harmonised data for venture capital investments by sector.

Sources

OECD Entrepreneurship Financing Database, drawing from:

Invest Europe (formerly European Private Equity and Venture Capital Association – EVCA), *Invest Europe Yearbook – 2015 European Private Equity Activity*, www.investeurope.eu/knowledgecenter/statisticsdetail.aspx?id=6392.

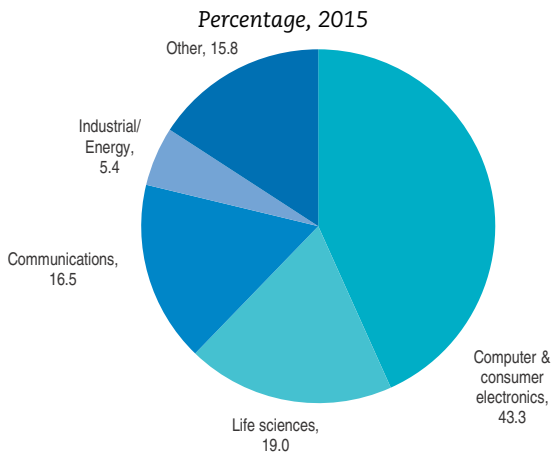
NVCA (National Venture Capital Association, United States), Thomson Reuters data, www.nvca.org/.

Further reading

OECD (2016), *Financing SMEs and Entrepreneurs 2016: An OECD Scoreboard*, OECD Publishing, Paris, http://dx.doi.org/10.1787/fin_sme_ent-2016-en.

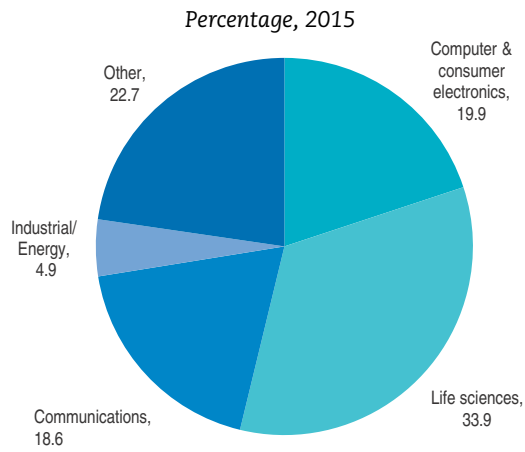
OECD (2015), *OECD Digital Economy Outlook 2015*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264232440-en>.

Figure 8.10. Venture capital investments in the United States, by sector



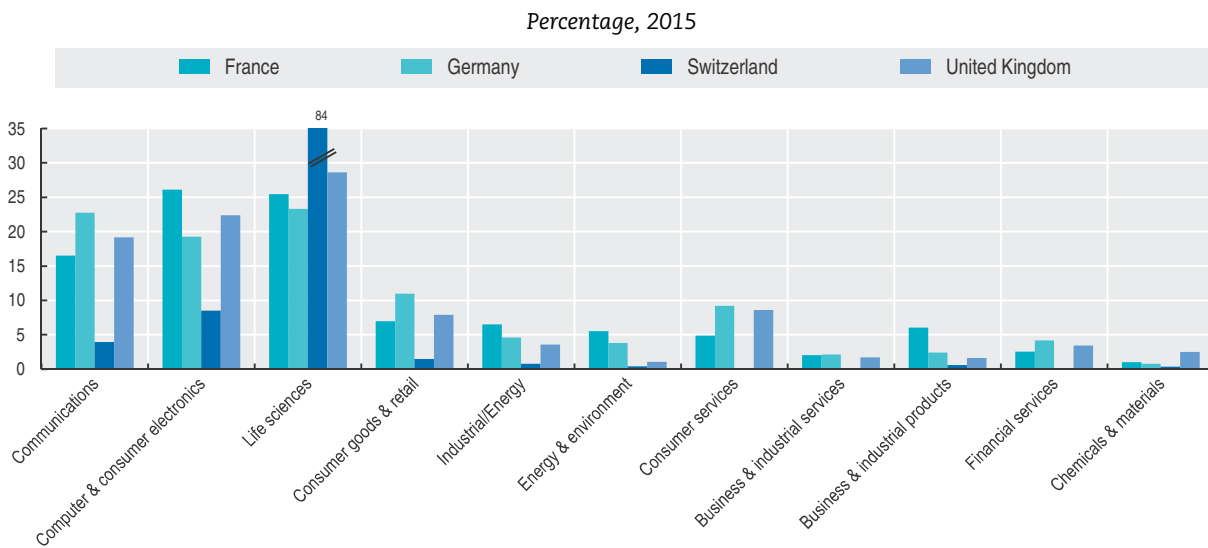
StatLink <http://dx.doi.org/10.1787/888933404762>

Figure 8.11. Venture capital investments in Europe, by sector



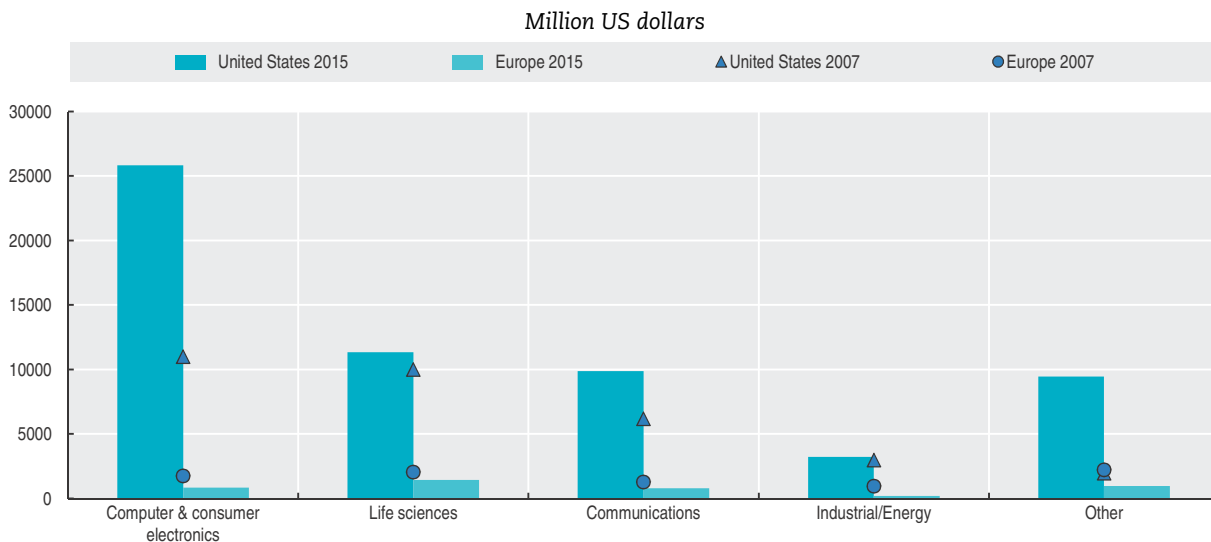
StatLink <http://dx.doi.org/10.1787/888933404779>

Figure 8.12. Venture capital investments by sector, selected European countries

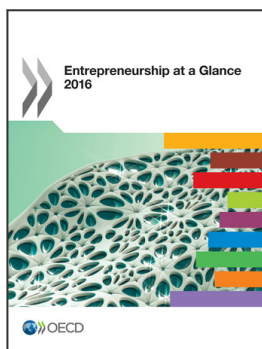


StatLink <http://dx.doi.org/10.1787/888933404786>

Figure 8.13. Venture capital investments by sector



StatLink <http://dx.doi.org/10.1787/888933404792>



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