

PRESS CUTTINGS

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IRISH VENTURE CAPITAL ASSOCIATION - Demand for venture capital (VC) investment is expected to jump as start-ups seeking funding will find other routes such as bank loans firmly closed to them. A study of the largest VC firms in Ireland, which represent the bulk of the EUR 1.4 billion invested since 2000, found that 70 per cent expect an increase in demand as a result of the subprime financial crisis as traditional loan finance becomes harder to obtain. However, Professor Michael Donnelly, chairman of Irish Venture Capital Association (IVCA), said the sector appears to be well placed to meet any demand. 'Last year, Irish SMEs raised EUR 226 million from VC funds, the highest level for five years.' Almost two thirds (60 per cent) believe the current downturn in global stock markets has delayed the likelihood of a client firm pursuing an initial public offering (IPO) over the next two years. However, almost a third (30 per cent) of Irish VC companies expect one or more of their client firms to IPO in the next two years. All expect that one or more client companies will be involved in a trade sale over the same time period. 'Irish tech firms retain a good reputation on global markets,' said Prof Donnelly. According to the IVCA study, the most critical external issues facing venture-backed companies in Ireland is the state of the US/global economy, cited by 40 per cent of IVCA members, while 30 per cent highlight the strength of the euro as a major threat. The most serious internal challenge is the availability of experienced international sales executives, highlighted by over half the respondents (55 per cent), followed by a lack of qualified senior management in general (40 per cent).



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