

LACK OF INTERNATIONAL SALES EXPERIENCE A DETERRENT TO VC LENDERS

Lack of international sales expertise is the most serious challenge facing companies seeking venture capital backing, according to a recent survey by members of the Irish Venture Capital Association (IVCA). In addition, the survey showed that senior management teams seeking venture capital were often incomplete. "However, this is something IVCA members expect and their funding is often used to attract experienced management into the investee companies," commented Desmond Fahey, chairman, IVCA. He added that the survey also raised concerns that cost pressures in the Irish economy, especially salary expectations, are a threat to the success of VC backed firms.

On the positive side, though, over half (56%) of Irish venture capital funds expect more of their client companies to IPO over the next two years. In addition, a large majority of IVCA members (87%) are forecasting an increased level of exits from client companies through trade sales within the same period suggesting continuing interest from international firms seeking to acquire Irish companies. Members were also bullish on job prospects, with 87% saying that they expected client companies to increase headcount, and none forecasting a decrease.