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News Release

Irish Tech Companies Raised €269m in 2012 – IVCA

- Irish funding holds up despite global credit crunch
- Report suggests broadening of Ireland's indigenous technology base

Dublin, Wednesday, 6th March, 2013: 189 technology companies raised €269m from investors in 2012 according to the annual Irish Venture Capital Association VenturePulse survey. The previous year (2011) 159 Irish technology companies raised €274m.

“While the amount raised was just 2% lower than in 2011, the number of companies supported increased by 18%. This is a very satisfactory performance especially when compared with activity in international markets which is experiencing double digit falls as the global credit crunch continues to bite,” commented Dr Manus Rogan, chairman, IVCA.

“First round funding represented 20% of funds raised with the balance of 80% supporting follow on/expansion funding,” added Regina Breheny, director general, IVCA (www.ivca.ie). “Irish venture capital funding remains an important source for Irish technology SMEs particularly in view of the continuing shortage of bank finance.”

William Fry, the leading law firm for Venture Capital (VC) advice in Ireland, advised on more investments than any other firm in 2012. Speaking on the report, Stephen Keogh, a Corporate Partner in William Fry, believes that Irish companies are well positioned to attract further funding in 2013. “Through the promotion of a wide variety of seed capital funds and a user friendly company set up environment, Ireland's policy makers and the VC community have combined to make Ireland a very attractive place for entrepreneurs to start new business ventures.” He added that an encouraging number of seed-funded start-ups are now raising Series A finance and this trend is set to continue throughout 2013.

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Regina Breheny said that since the onset of the credit crunch in 2008, 735 Irish SMEs have raised venture capital of €1.45bn. “The Irish venture capital community continues to be the main source of funding for Irish SMEs both through direct investment and as the local lead investor for international syndicate investors.”

She added that VC investment since 2008 has supported the creation of up to 20,000 jobs; attracted over €450m of capital into Ireland and geared up the State’s investment through the Seed & Venture Capital programme by almost seven times.

Dr Manus Rogan added that, while the IVCA has consistently warned that Irish VC fund managers would start to run out of funds from 2012 with a potential shortfall of €1 billion over the next five years, the recent Government announcement to commit up to €175m over the next 10 years as a cornerstone investor would stimulate activity in the funding market.

The IVCA survey finds that while software companies continue to head the list of firms with 26% or €68.9m of the money raised in 2012, there has been a big increase in support for medical device and drug delivery firms which raised €47.9m or 18% of funds raised.

Other technologies such as nano, fibre optics and phototonics raised €54.6m or 20%. Medical software and service raised €26.6m or 10% of total finds in 2012.

“It suggests that Ireland’s indigenous tech sector is becoming more broadly based and developing new technologies. This may partly reflect funding through the Government and Science Foundation Ireland into the third level sector,” commented Dr Manus Rogan.

Summary:
FUNDS RAISED

The IVCA Venture Pulse survey shows that Irish companies raised €269m (-2%) from investors in 2012, despite the continuing global credit crunch. This compares with funds raised of €274.4m in the same period of 2011, to €310.2m in 2010 and to €288.1m in 2009.

COMPANIES

The number of companies that raised funds in this period was 189 (+18%), compared to 159 in 2011, 156 in 2010 and to 139 in 2009. Amounts raised ranged from €100k to €20m.

SEED/EARLY STAGE

In 2012 63 companies raised €53.7m (20% of funds raised). This compares with 82 companies and €104.9m (38% of funds raised) in 2011, 63 companies and €53.6m (17% of funds raised) in 2010 and with 65 companies and €71.2m (25% of funds raised) in 2009.

Ends

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About IVCA

The Irish Venture Capital Association is the representative organisation for venture capital firms in Ireland. In the last ten years Irish VCs have invested €1.5bn into Irish SMEs and have leveraged in an additional €1.5bn from international VCs through syndicated deals.