

The Entrepreneur's Census

Contents

Executive Summary	Page 2
Contributions	Page 6
Statistics	Page 8
Response: Business Overview	Page 9
Response: Geography	Page 14
Response: Talent and Programming	Page 15
Response: Office Space and Costs	Page 17
Response: Financing	Page 20
Response: Access to Investors and Advisors	Page 26

Executive Summary

Mission

To promote and improve entrepreneurship through data gathering and analysis

Objectives

We designed the Entrepreneur's Census with several objectives in mind:

- Bring attention to the vital field of entrepreneurship and innovation
- Record benchmarks for entrepreneurs throughout the United States
- Compare the circumstances facing entrepreneurs in New York, Boston and Silicon Valley

Background

The study originated in January 2010 as a project to understand the recent increase in entrepreneurial activity and investment in New York City. Initially, we set out to provide information to the policy makers that affect the entrepreneurs and investors of New York.

From January through March, we conducted interviews with approximately 50 of New York City's brightest entrepreneurs, venture capitalists, angel investors, lawyers and strategic investors. We asked the leaders of New York's venture community to offer ideas as to how the New York City Government could issue policies and initiatives to buttress the recent (and dramatic) increase of entrepreneurial activity and investment in New York City. Some innovative and potentially effective ideas emerged from these conversations.

In March, we undertook the task of gathering granular information regarding the venture communities in Boston, Palo Alto and New York. We did so with the intent to verify the potential effectiveness of the solutions suggested in our initial conversations and provide useful data to entrepreneurs throughout the country.

We sincerely thank those who shared their time and input. Without their efforts, this project, which was unfunded, would not have been possible. We recognize these leaders and some of their ideas below.

Methodology

We distributed the Entrepreneur's Census through educational alumni groups, entrepreneurial networking groups, related blogs, and pre-investment incubators. Thirty-four organizations distributed, promoted or published articles on the Census. Distribution began on Tuesday, April 6th, 2010, with an announcement at NY Tech Meetup and ended on Saturday, May 8th, 2010. Respondents used Qualtrics, an electronic survey platform available at www.qualtrics.com.

We did not distribute the Census through venture capital firms. Representatives of many funds contributed to the survey design. However, because much of the content measured the funding environment in three distinct markets, we believed that use of such distribution would create a selection bias. We feared, for example, that if we were to approach two equally sized portfolios in New York and Silicon Valley, a disparity in the number of responses would inaccurately skew our findings.

Response

We received response from 307 entrepreneurs. Collectively, these businesses have created more than 1,300 jobs and paid more than \$7 Million in annual rent. Some questions received fewer responses, however, based on relevance and attrition.

Key Statistics and Recommendations

Geography

- Just 18% of respondents moved to a location to launch their business (15%) or to move their business to a new location (3%).
- Exactly 70% of respondents were either born in the city where their business is based (17%), came for education (23%), or came for a prior job (30%).
- 37% of respondents from Palo Alto moved there to launch their business (32%) or to move their business to a new location (5%).

More than half of the ventures surveyed launched in their current location because of the educational institutions (23%) and employers (30%). Palo Alto was the only venture community that seemed to attract entrepreneurs solely for the purpose of launching or growing their venture.

Recommendation: Student Loan Forgiveness for Entrepreneurs

Thirty-two percent of respondents in Boston said they moved to the community initially for education. A city that hopes to attract entrepreneurs and generate firm starts may therefore want to focus on developing educational institutions with a strong focus on entrepreneurship, computer science and engineering. One idea posed during the first part of this study was student loan forgiveness for entrepreneurs.

Many colleges and graduate schools offer loan forgiveness to those students who go to work for not-for-profit organizations after graduation. Yale School of Management, for example, forgives 100% of a graduate's loans for as long as she works for a qualifying not-for-profit organization and earns less than \$77,500¹. A comparable program for entrepreneurs could be one way to encourage young, bright minds to start companies and join new ventures. For example, an institution could forgive loans for those graduates who found or join a qualifying organization for the time-period during which a graduate works with that organization.

An alternative execution of loan forgiveness might entail reimbursement to an academic institution in the form of shared earnings. For example, an institution could forgive a student's loans during her work with a qualifying organization in exchange for a percentage of her earnings over that period of time. If the program results in some successful ventures, it may even pay for itself. Institutions could also use such programs to strengthen ties with capable mentors for aspiring entrepreneurs.

Recommendation: Create "Immigrant Friendly" Cities

To promote entrepreneurship, a city may also want to become "immigrant friendly". "American Made, The Impact of Immigrant Entrepreneurs and Professionals on U.S. Competitiveness", a recent study conducted by National Venture Capital Association, Stuart Anderson (National Foundation for American

¹ The salary threshold varies each year. Graduates making a sum greater than the threshold receive pro-rated loan forgiveness.

Policy), and Michaela Platzer (Content First, LLC), demonstrated that over the past 15 years, immigrants have started over twenty-five percent of U.S. public companies that were venture backedⁱ.

“Cities and immigration, Local Policies for Immigrant Friendly Cities”, a 2008 report by the Center of Wisconsin Strategy, cities can make cities more “immigrant friendly” by enforcing the civil provisions of immigration law, improving employment, healthcare and other basic provisions for immigrantsⁱⁱ. For example, cities can prohibit the use of local funds for the enforcement of national immigration law and the collection of information on immigration status. Regarding employment, cities can support immigrant entrepreneurs, help enforce federal and state employment regulations.

Recommendation: Recruit and Support Firms with “Entrepreneurial Prominence”

The most common reason for a respondent’s location was her previous jobs. The paper, “From Good Stock: Career histories and new venture formation”, by Burton, M. D., Sørensen, J. B. & Beckman, C. M. (2002), illustrates how some firms generate spinoff venturesⁱⁱⁱ. According to the study, employees of some firms use information regarding technologies, emerging markets and unmet needs to spinoff their own ventures. In this way, entrepreneurs can identify and act on entrepreneurial opportunities and reduce the perceived uncertainties of a new venture for outside constituencies (investors, clients, employees etc.).

The likelihood that an employee of a firm will leave to start a new venture most directly relies upon that firm’s “entrepreneurial prominence”, otherwise known as how many ventures have been started by alums of that firm in the past. Fairchild Semi-Conductor, which spawned 10 new ventures from its inception in 1957 until 1967, is a classic example of a firm with “entrepreneurial prominence” (Burton, Sørensen, Beckman 2002). A modern example is PayPal, whose alums have founded YouTube, LinkedIn, and many others successful ventures. Though a challenging to identify, cities may therefore try to recruit and support firms with “entrepreneurial prominence”.

Public Funding

- Just 13% of respondents sought public financing; 42% sought private financing
- The median public raise was \$2 Million, while the median private raise was \$275,000.
- 69% of companies that applied for public funding received some
- Only 30% of companies raised as much private financing as they had hoped

Public funding is underutilized, but it is certainly available. For example, Representative Paul Tonka (D-NY) recently introduced a bill (H.R.4549) cited as the “Small Business Innovation to Job Creation Act of 2010”. The bill provides \$2 Billion to “assist the commercialization of research developed by small business concerns with funds received under the second phase of the SBIR Program”^{iv}.

Though some entrepreneurs may not qualify for public funding, we hypothesize that awareness is one problem. Many private investors both participate in venture communities and promote their firms via social networks. While public entities have begun such efforts, they likely lag their private counterparts.

Recommendation: Raise Awareness of Public Funding Availability through Social Media

Physical presence within a venture community is time intensive and costly. Social networking, however, is not. Many public funding agencies (e.g. SBIR) hire interns from our nation’s best colleges. These are the very people who should design social media campaigns to promote the availability of public funding.

Non-dilutive public funding promotes firm starts, job growth and a focus on areas in which the public agencies see a need (e.g. defense, education, healthcare).

Recommendation: Use City-Funded Offices to Help Entrepreneurs Identify and Apply for Public Funding

While some entrepreneurs may be unaware of public funding options, we suspect that others simply do not understand how to identify and apply for relevant public funding options. A city-funded office for this purpose may increase the number and quality of applications. Some universities, for example, have offices that help faculty members find funding sources. Those who are not aware of all funding options or find themselves too busy find these programs useful. Entrepreneurs may feel the same way.

Office Space

- 42% of respondents with commercial office space in New York did not pay rent last month versus 24% and 22% of respondents from Boston and Palo Alto respectively
- When factoring in this free rent, the median rent per employee, per month was \$200 in New York, \$350 in Palo Alto, \$500 in Boston
- When calculating the cost of office space *only for those companies that paid for their office space*, the median rent per employee, per month was \$733 in New York, \$475 in Palo Alto and \$500 in Boston.

The cost of office space is a concern for any startup. At the inception of this study, some suspected that the cost of office space was a hindrance for new ventures in New York City. The results reveal that the median cost for those paying for commercial space in New York (\$733 per employee, per month) is indeed higher than the costs in Palo Alto (\$475) and Boston (\$500). However, we learned through this study that many in New York have managed to secure free office space (42%). This percentage far exceeded the comparable percentages in Boston (24%) and Palo Alto (22%). When factored into the analysis, we found that the median rent per employee, per month paid by those companies in New York with office space (\$200) was less than the comparable numbers in Palo Alto (\$350) and Boston (\$500).

Recommendation: Tax Incentives for Established Companies that House New Ventures

We hypothesize that publicly and privately funded incubators and private companies with extra office space currently provide “free” office space to new ventures. One suggestion provided in the early stages of this study was to provide tax incentives to those companies that offer free office space new ventures. We envision several potential benefits:

- Lower the cost of doing business for new ventures, which may encourage more firm starts
- Reduce the cost of doing business for those (established) businesses that are currently paying for more space than needed
- Encourage mentorship and partnerships between established companies and new ventures

Contributions

Matt Shapiro, a second year student at Yale School of Management and Part-time Associate of LaunchCapital, a seed stage venture capital fund, authored the Entrepreneur's Census. Please send feedback and inquiries to matt.shapiro@yale.edu, @entrecensus and www.bit.ly/entrecensus.

Olav Sorenson, a professor of Organizational Behavior at Yale School of Management, provided guidance and direction throughout the study.

Nathan Stoner, a second year student at Yale School of Management, created the website design.

The organization and individuals listed below contributed through input to survey content, distribution support, media coverage, policy suggestions, and general support

Entrepreneurial Organizations and Academic Institutions

Cambridge Innovation Center, Timothy Rowe
CB Insights, Anand Sanwal
Columbia Business School PE/VC Club, Dave Cann & Mike Katz
Columbia Venture Community, Mark Davis & Alex Horn & David Whittemore
Dogpatch Labs, David Barrett & Jonathan Lim
Dow Jones Venture Capital Dispatch, Scott Austin
Entrepreneur's Roundtable, Murat Aktihanoglu
IAB, Michael Theodore
Insite, Richard Powell
FundingPost, Joe Rubin
GCA Savvian Capital, John Lambros
Global Entrepreneurship Week, Erin Wiley
Hackers and Founders Silicon Valley, Jonathan Nelson
Kellogg School of Management, Larry & Carol Institute of Entrepreneurial Practice, Scott Whitaker
Mass High Tech, Galen Moore
New York Angels, Brian Cohen
New York Economic Development Corporation, Peter Robinson, Vikram Bhaskaran
New York Entrepreneur Week, Gary Whitehill
New York Technology Council, Donn Morrill
New York Tech Meetup, Andrew Rasiej & Brandon Diamond & Nate Westheimer
NYU-Poly Incubator, Micah Kotch
NYU Stern PE/VC Club, Jonathan Aragman & Pauline Oudin
NYU Venture Community, Christopher Gimbert & Nicholas Hurley
Savor the Success, Angela Jia Kim
Seedco Organization, Karen-Michelle Mirko
Silicon Valley Tech Meetup, Vincent Lauria
Stanford University Entrepreneurship Network, Professor Linda Wells
Startup Digest, Chris McCann & Brendan McManus & Steve Gold
Startup One Stop, Bonnie Halper
Startup Weekend, Marc Nager
The Hatchery, Yao Huang
Ultralight Startups, Graham Lawlor
Wall Street Journal, Joseph De Avila
Yale Entrepreneurs and Investors, Matthew Brimer
Yale School of Management, James Baron & Bruce Judson
XConomy, Rebecca Zacks

Venture Capital Partners

Ascent Venture Partners, Matt Fates
Bessemer Venture Partners, Brian Feinstein
Connecticut Innovations, Peter Longo
First Round Capital, Charlie O'Donnell & Chris Fralic
LaunchCapital, Elon Boms & Konstantine Drakonakis & Tom Egan & Heather Onstott
Greenhill SAVP, Somak Chattopadhyay
Greycroft Partners, Drew Lipsher
Insight Venture Partners, Alex Crisses
Metamorphic Venture Partners, Lewis Gersh
Signal Lake, Anna Brady-Estevez
Trisaris Group, Kal Vepuri
Union Square Ventures, Andrew Parker
Village Ventures, Matt Harris

Entrepreneurs

AnyClip, Nate Westheimer
ChallengePost, Brandon Kessler
Daylife, Upendra Shardanand
Nabbr, Matt Minoff
Newsley, Jonathan Nelson
On Deck Capital, David Whitmore
RideAmigos, Jeffrey Chernick
Summit Series, Justin Cohen
YouRenew, Bob Casey

Incubators

BetaWorks, Andrew Weissman
TechStars, Shawn Broderick
NYU/Polytech, Micah Klein
Seedcamp, Reshma Sohoni
Yale Entrepreneurial Institute, Jim Boyle & Shana Schneider

Legal

Lowenstein Sandler, Ed Zimmerman
Reitler Kailas & Rosenblatt, Charles Torres

Strategic Investors

Hearst, Darcy Frisch & Mo Lam
Intel Venture Partners, Charles Scott
Time Warner, Andrew Cleland

Statistics

Company Information

- 57% of respondents reported some revenue with 8% reporting revenues over \$1 Million
- 38% of responding companies had more than four employees and 10% had more than 16

Geography

- The most popular reason for a respondent's location was that she came for a prior job (30%)
- 70% of respondents to the study were either born in the city where their business is based (17%), came for education (23%), or came for a prior job (30%).
- 15% of respondents moved to their current location to launch their business, while 32% of respondents from Palo Alto moved there for that reason

Office Space

- 54% of respondents had commercial office space outside of a home
- 42% of respondents with commercial office space in New York had free commercial office space versus 24% and 22% for Boston and Palo Alto respectively
- When factoring in this free rent, the median rent per employee, per month was \$200 in New York, \$350 in Palo Alto, \$500 in Boston
- When measuring **only for those companies that paid for their office space**, the median rent per employee, per month was \$733 in New York, \$475 in Palo Alto and \$500 in Boston.

Programming Talent

- 40% of businesses that advertised a programming position in the last 12 months received over 11 applications. Palo Alto led that group at 52%
- 44% of companies in Palo Alto that advertised for a programmer in the last 12 months were "still looking", compared to 28% in Boston and 35% in New York.
- New York companies paid under \$50,000 for 47% of their programming hires
- Palo Alto and Boston companies paid under \$50,000 for 33% and 21% respectively
- 28% of programmers hired in Palo Alto made more than 110%, versus 13% of the total

Public Fundraising

- Just 13% of respondents applied for public funding (grants, fellowships, etc.)
- 69% of those respondents that applied for public funding succeeded
- Median public raise was \$2.0 Million and the avg. raise per application was just over \$860,000

Private Fundraising

- 46% of respondents attempted to raise private funding
- 70% of those respondents that applied for private funding raised some money
- Only 30% of companies raising private funding, however, met or exceeded their desired raise
- The average private raise exceeded \$1.2 Million, the median \$275,000 and the mode \$100,000

Community

- 52% of respondents have a board of advisors and 11% of those companies have boards on which all members have launched a venture before
- Of the respondents that sought private funding, 50% had spoken with 6 or more venture firms
- Of the respondents that sought private funding, 36% had spoken with 6 or more individual angel investors or angel investment groups.

Response: Business Overview

The first question of the census: “Where is your business headquartered (City, State)?” aimed to group respondents by venture market.

We chose to group responses within 60 miles of the cities referenced below and used Google Maps as the determinant for all responses. According to “Syndication Networks and the Spatial Distribution of Venture Capital Investment” (2001), published in the *American Journal of Sociology*, 106 (2001): 1546-1588 by Olav Sorenson (UCLA, Yale) and Toby Stuart (University of Chicago), the likelihood of funding drops 80 percent when the distance between the venture and the funding source exceeds 60 miles^v.

We received the following responses:

Survey Response*

Boston	Palo Alto	New York	Other	Total
38	104	121	44	307
12%	34%	39%	14%	

*We list the number of response to each question below as they vary

We asked: “What would you consider your industry vertical to be? (Please try to limit responses to two words e.g. Digital Media, Cleantech etc.)”, and received a variety of responses. Due to the textual nature of the responses, we used the definitions below to group responses.

Industries Represented

Industry Vertical	Number of Responses	Percentage of Response
Digital Media	44	16%
Ecommerce/Consumer Internet	33	12%
Social Media	27	10%
Enterprise Solutions	21	8%
Education	12	4%
Finance	10	4%
Health	8	3%
Cleantech	4	1%
Other	111	41%
Total	270	100%

Social Media - A company that provides or supports a web-based platform, application and/or technology the primary purpose of which is to enable people to socially interact with one another online.

Digital Media - A company that provides or supports digitized content (text, graphics, audio, and video) that can be transmitted over internet. We defined media based business that provide business to business services or business (vs user) generated content as Digital Media businesses.

Ecommerce/Consumer Internet – A company that sells (or helps sell) a product or service online primarily to consumers.

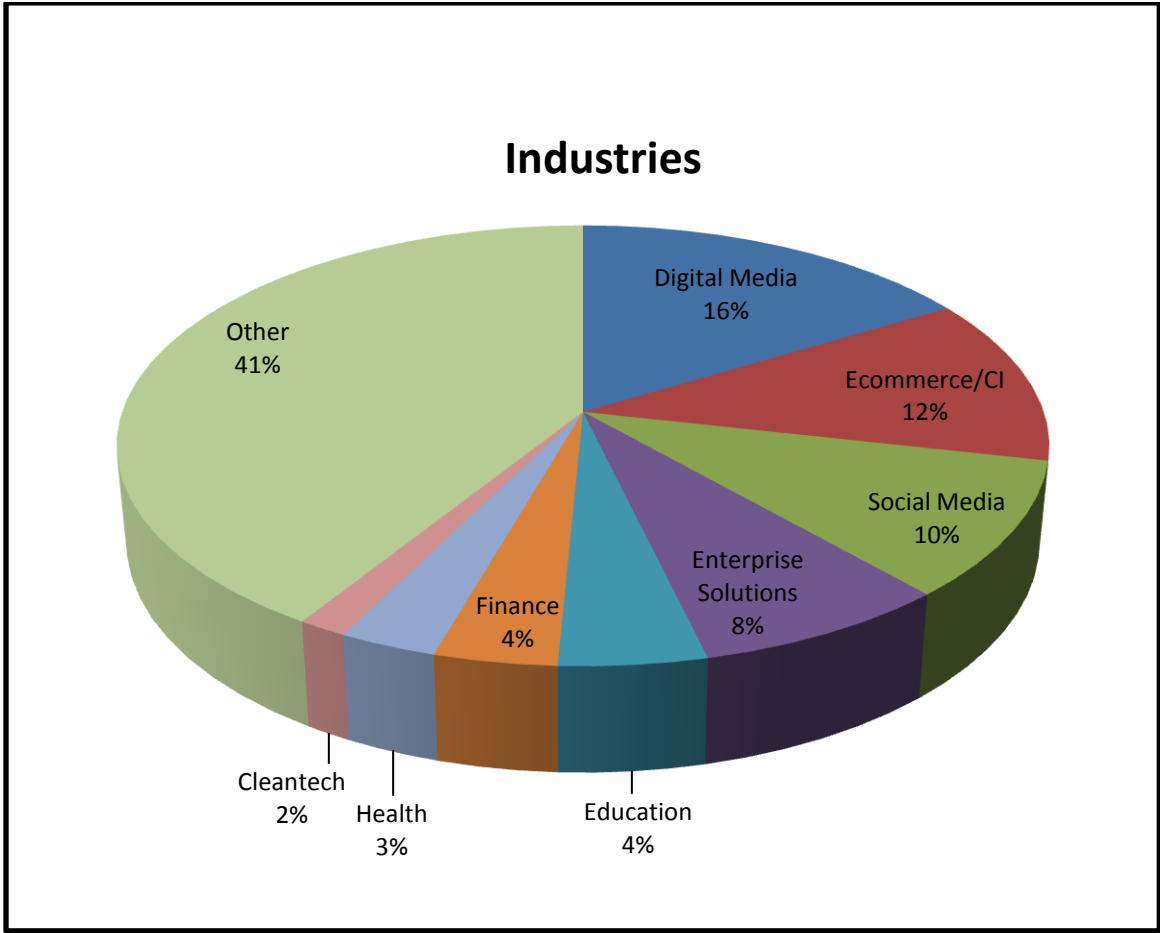
Health – A company that sells services, consulting, or software relating to health.

Education - A company that sells services, consulting, or software relating to education.

Finance - A company that sells services, consulting, or software relating to finance.

Cleantech - A company that sells services, consulting, or software relating to finance.

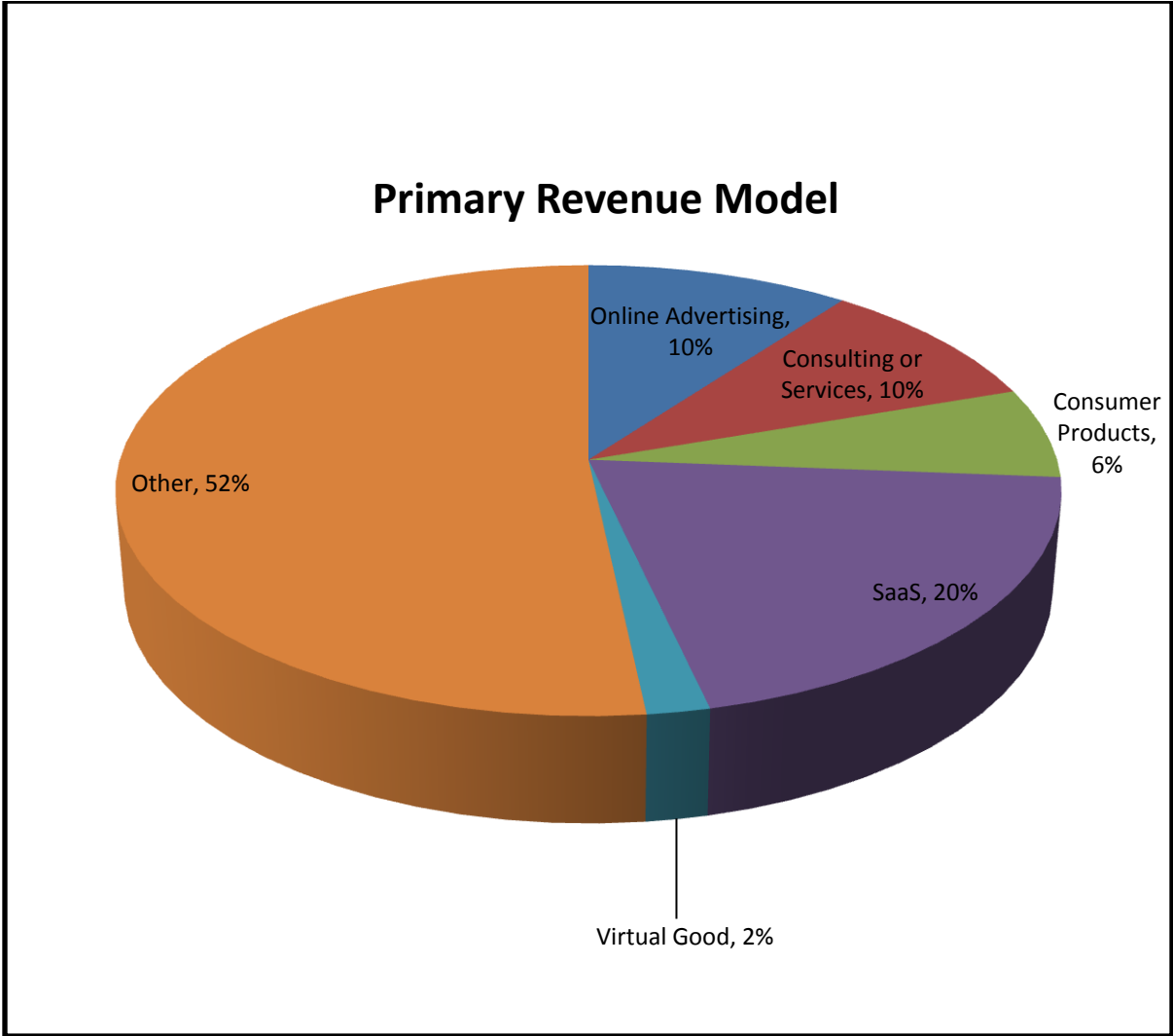
Entreprise Solutions – A company that sells services, consulting or software to other companies for business improvement. Note, businesses in this category offer services to industries other than the ones listed above.



To further understand the nature of the companies surveyed, we asked “What does your company sell? Please try to limit responses to two words (e.g. SaaS, Consumer Products, Consulting Services)”. Excepting the “Other” category, the largest group of respondents (20%) sell SaaS.

Primary Revenue Model

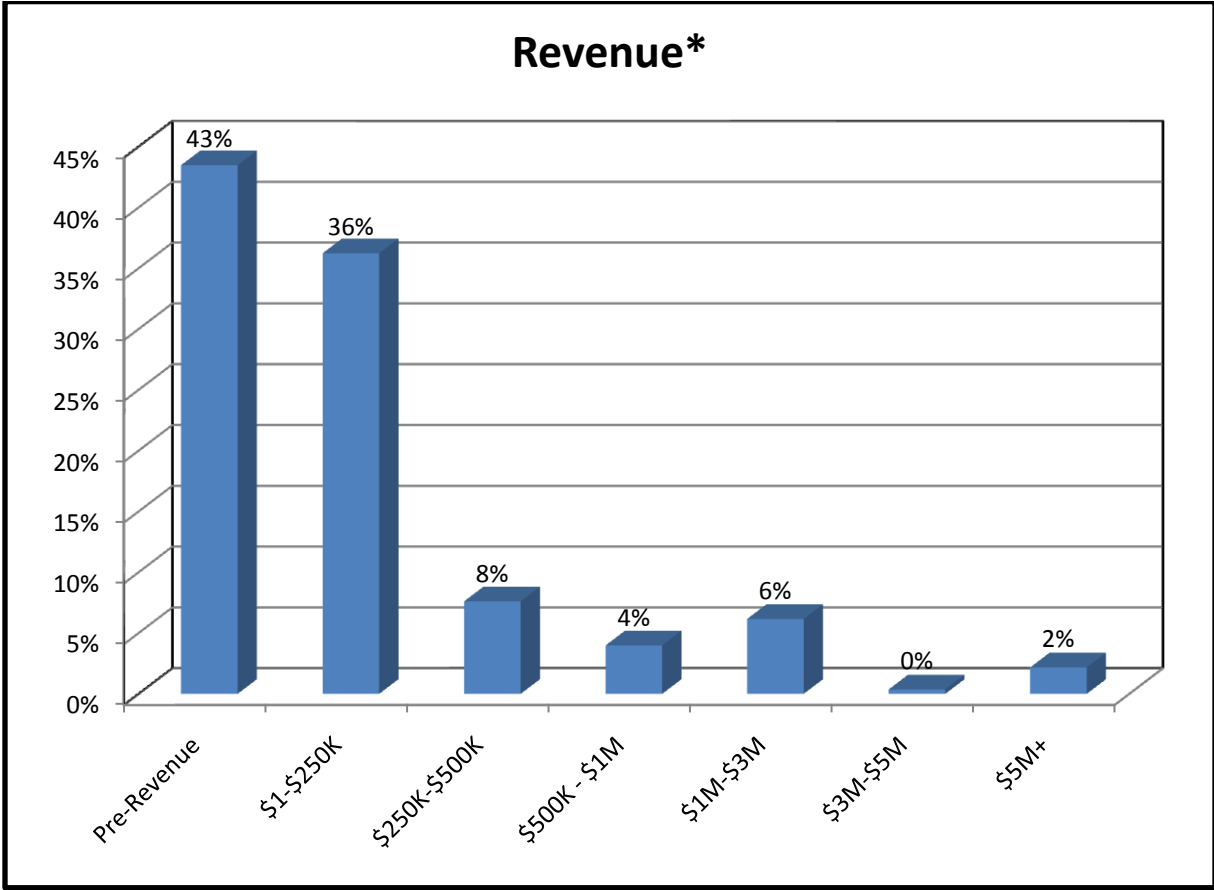
	Number of Responses	Percentage of Response
Online Advertising	27	10%
Consulting or Services	25	10%
Consumer Products	17	6%
SaaS	53	20%
Virtual Good	5	2%
Other	136	52%
Total	263	



We asked: “approximately how much revenue has the business generated in the last 12 months?” and provided the ranges below. Fifty-seven percent of the companies had revenue. Eight percent of responding companies had revenues in excess of \$1 million. Palo Alto had both the most respondents without revenue (48%) and the most respondents with revenues greater than \$1 million (13%).

Revenues Earned by Responding Companies in Previous 12 Months

	\$0	\$1 to \$250K	\$250K to \$500K	\$500K to \$1M	\$1M to \$3M	\$3M to \$5M	\$5M Plus	Total Response
Boston	40%	37%	11%	3%	6%	0%	3%	35
Palo Alto	48%	30%	4%	5%	10%	0%	3%	94
New York	42%	43%	6%	4%	4%	1%	2%	108
Other	41%	33%	18%	3%	5%	0%	0%	39
Total	43%	36%	8%	4%	6%	0%	2%	276

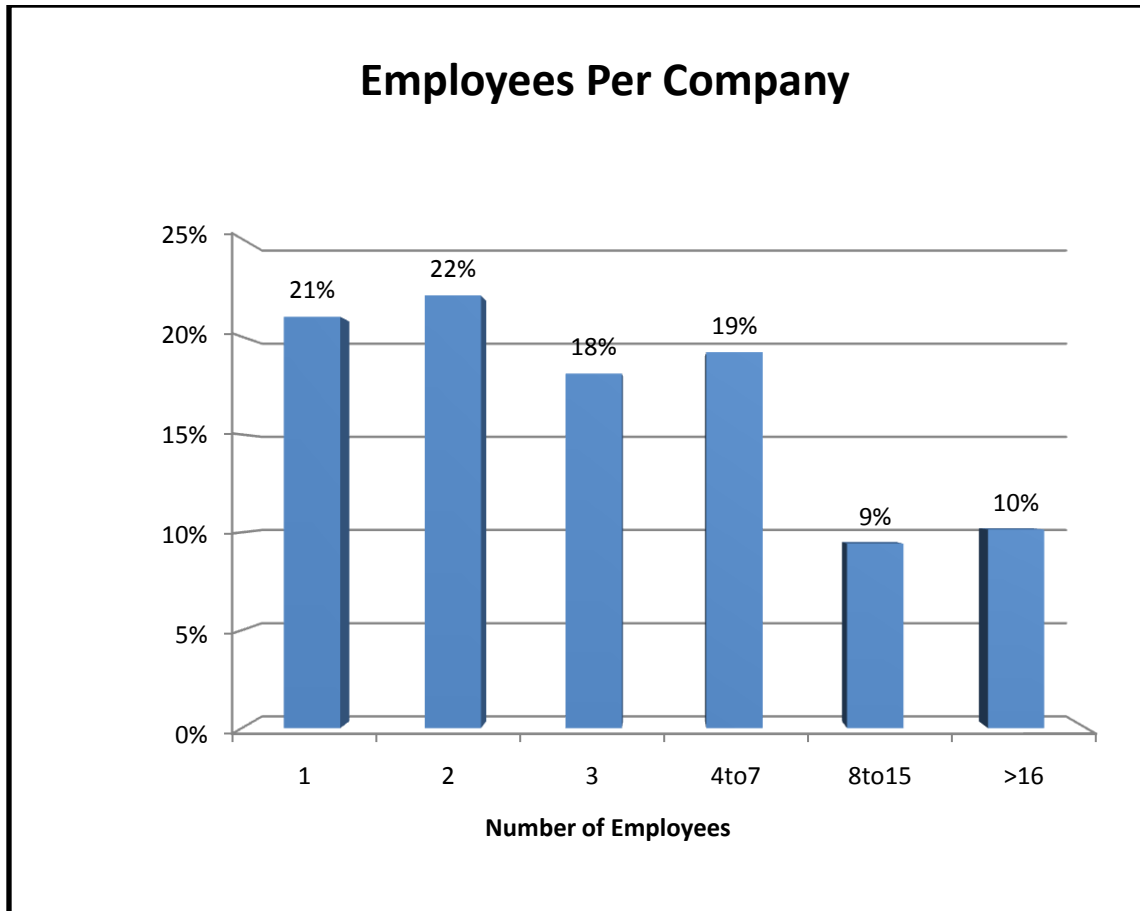


*Revenue in 12 months prior to response.

As another means to understand the size and stage of the responding ventures, we asked: “How many full time employees currently work for your business”? Thirty-eight percent of responding companies had more than four employees and a full 10% of companies employed more than sixteen people.

Full Time Employees

	1	2	3	4 to 7	8 to 15	>16	Total Response
Boston	11%	23%	11%	26%	11%	17%	35
Palo Alto	16%	29%	16%	16%	12%	12%	94
New York	22%	16%	20%	24%	8%	9%	108
Other	38%	23%	23%	8%	5%	3%	39
Total	21%	22%	18%	19%	9%	10%	276

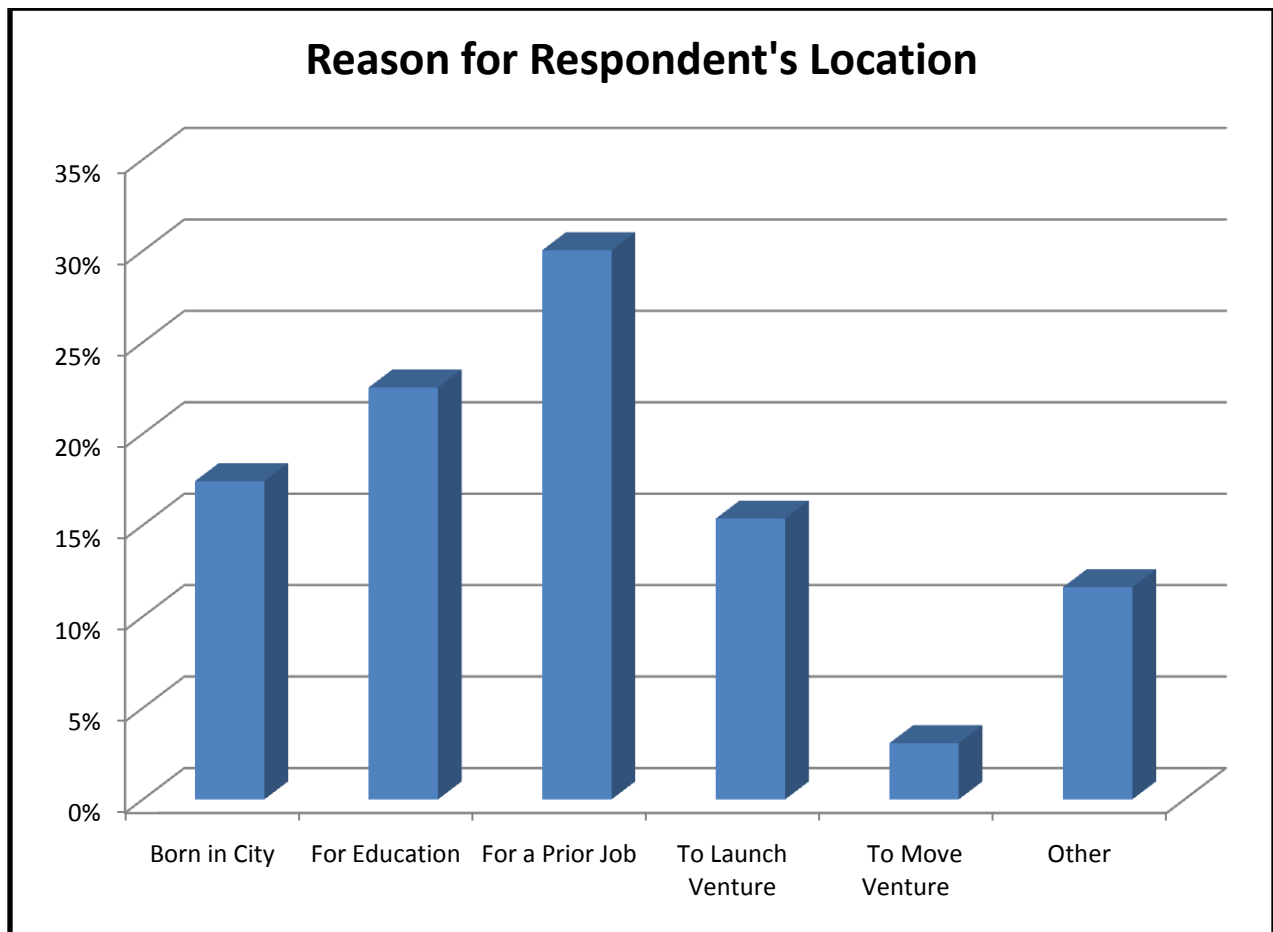


Response: Geography

We asked respondents why they are located in their current city. Seventy percent of respondents indicated that the reason for their location **was not** directly related to the launch of their venture. Specifically, many came for a prior job (30%), education (23%) or were born in their current location (17%). Just fifteen percent of all respondents moved to their current location to launch their venture. Note, the percentage of respondents in Palo Alto that moved there to “launch their businesses” was significantly higher (32%).

Reasons for Respondent’s Location

	Born in City	Came for Education	Came for Prior Job	To Launch The Bus.	To Move Venture	Other	Total Response
Bost.	26%	32%	18%	8%	3%	13%	38
P. Alto	6%	19%	29%	32%	5%	9%	98
NY	22%	21%	36%	6%	3%	12%	114
Other	23%	26%	28%	9%	0%	14%	43
Total	17%	23%	30%	15%	3%	12%	293



Response: Talent and Programming

We measured the availability of programming talent in each market. The table below answers the question: “If your company advertised for a programmer in the last 12 months, how many applications did you receive?” 40% of businesses that advertised a programming position in the last 12 months received over 11 applications. Palo Alto led this group (52%).

Applicants per Programming Positions

	0	1 to 3	4 to 7	8 to 10	11+	Total
Boston	7%	20%	27%	13%	33%	15
Palo Alto	3%	10%	19%	16%	52%	31
New York	0%	26%	20%	17%	37%	46
Other	0%	33%	25%	8%	33%	12
Total	2%	21%	21%	15%	40%	104

In an effort to measure the availability of programming talent that fit our respondent’s needs, we asked: “What percentage of (programming) candidates did you interview?” Note, in New York and Palo Alto companies treated applicants similarly.

Percentage of Applicants Interviewed

	0%	1-25%	26-50%	51-75%	76-100%	Total
Boston	7%	40%	13%	27%	13%	15
Palo Alto	6%	61%	6%	10%	16%	31
New York	4%	61%	13%	15%	7%	46
Other	0%	33%	42%	8%	17%	12
Total	5%	55%	14%	14%	12%	104

For those companies that have tried to hire a programmer in the last 12 months, we asked two questions designed to illustrate the quality and availability of talent. “(If you did try to hire a programmer) from the time that you first listed the position, how long did it take to make a hire?” Palo Alto had the highest percentage of respondents that had yet to fill an open programming position (44%). Note, however, that we did not measure how long ago the companies in this category listed the position in question.

Time to Hire

	Still Looking	< 1 Month	1-3 Months	4-6 Months	7-12 Months	Total
Boston	28%	33%	33%	6%	0%	18
Palo Alto	44%	22%	29%	4%	2%	55
New York	35%	29%	34%	2%	0%	65
Other	19%	44%	31%	6%	0%	16
Total	36%	29%	32%	3%	1%	154

Compensation for Programmers Hired Within the Last 12 Months

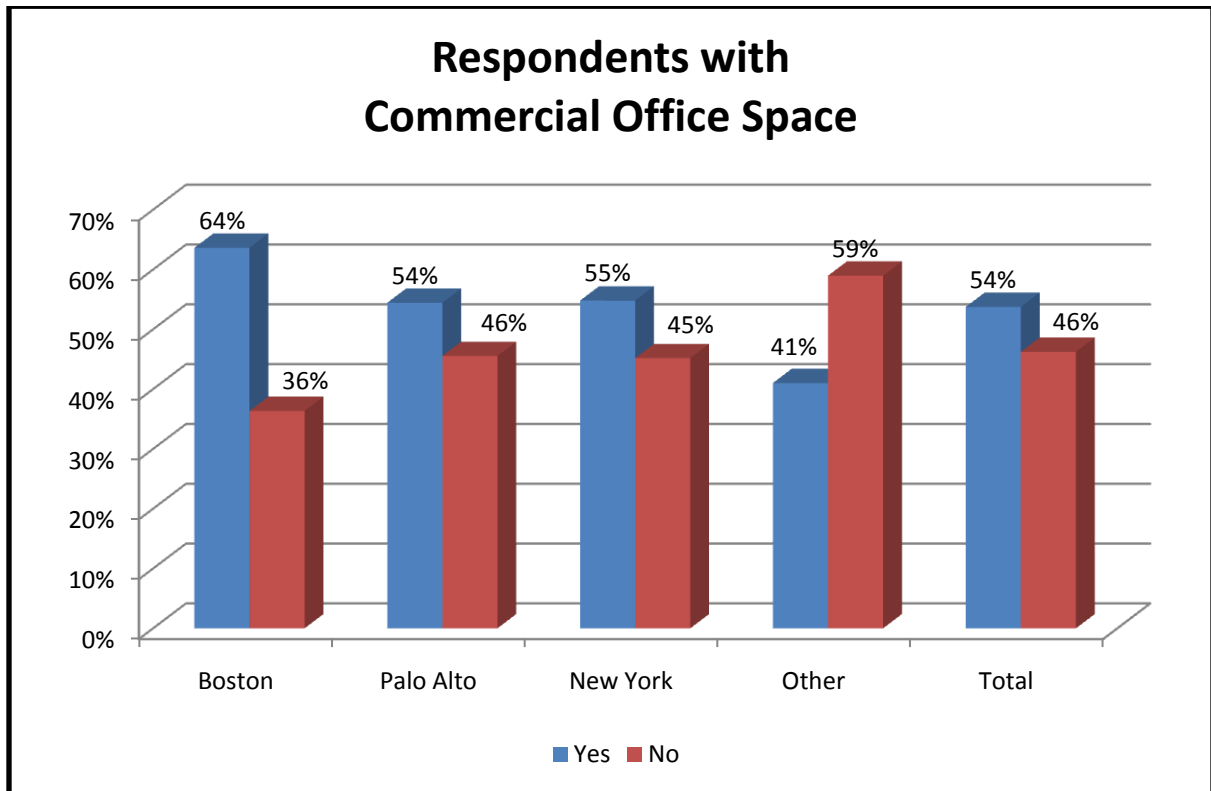
	<\$50K	\$50-\$70K	\$70-\$90K	\$90-\$110K	>\$110	Total
Boston	21%	29%	29%	21%	0%	14
Palo Alto	33%	13%	10%	18%	28%	40
New York	47%	17%	15%	11%	9%	53
Other	54%	23%	15%	8%	0%	13
Total	40%	18%	15%	14%	13%	120

Response: Office Space and Costs

We asked respondents “do you have office space outside of your home:”

Office Space Outside of Home

	Yes	No	Total Response
Boston	64%	36%	33
Palo Alto	54%	46%	90
New York	55%	45%	104
Other	41%	59%	39
Total	54%	46%	266

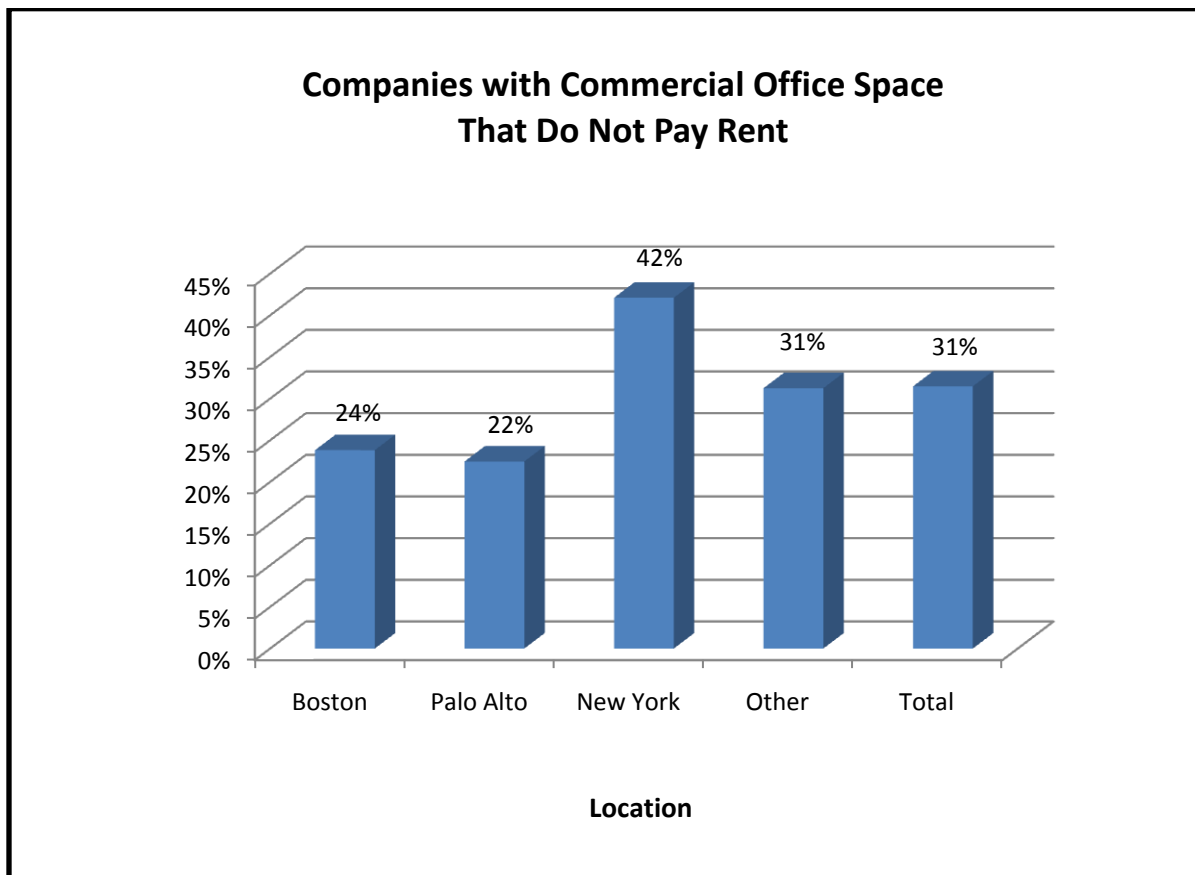


For those respondents who have office space outside of their homes, we asked whether they pay rent.

(If you have Commercial Office Space) Do you pay for it?

	No	Yes	Total Response
Boston	24%	76%	21
Palo Alto	22%	78%	49
New York	42%	58%	57
Other	31%	69%	16
Total	31%	69%	143

Many respondents have commercial office space for which they **do not** pay rent. The largest percentage of respondents that have commercial office space and do not pay rent is from New York (42%). A lower percentage of respondents in Boston (24%) in Palo Alto (22%) managed to secure “free” office space.



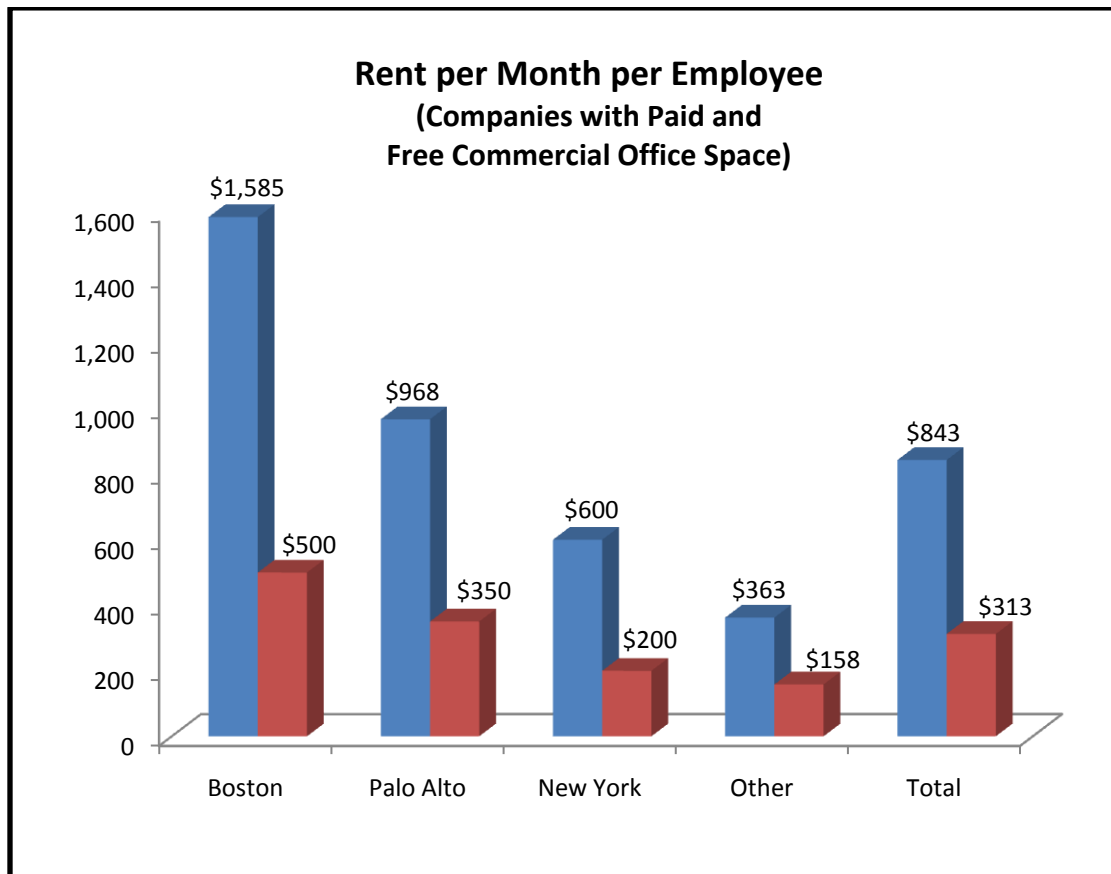
We asked those respondents with commercial office space to report how much rent they paid in the previous month. The table below documents the mean and median amount of rent paid per employee for commercial space each month.

We used the following formula: (rent payment last month/full time employees).

Therefore, a ten-person company that paid \$10,000 last month would be recorded as having paid \$1,000 per employee, per month. Note, this chart incorporates those companies that do not pay for office space. For example, a company with 10 employees that did not pay rent for their commercial space last month would be recorded as \$0.

**Rent per Employee per Month
(Companies with Paid and Free Commercial Office Space)**

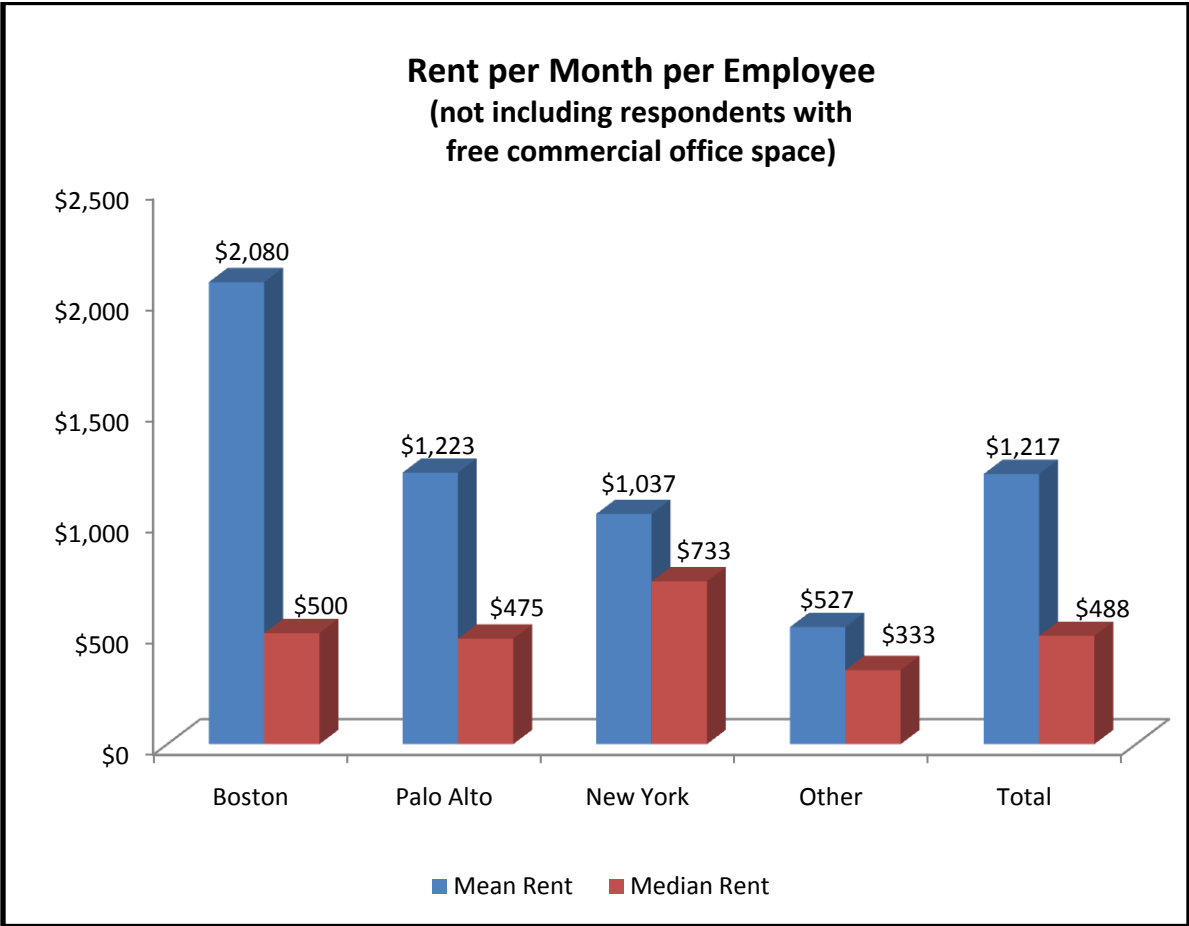
	Boston	Palo Alto	New York	Other	Total
Mean	\$1,585	\$968	\$600	\$363	\$843
Median	\$500	\$350	\$200	\$158	\$313
	21	49	57	16	143



The table below demonstrates the average rent per employee per month only for those companies that have commercial office and pay rent.

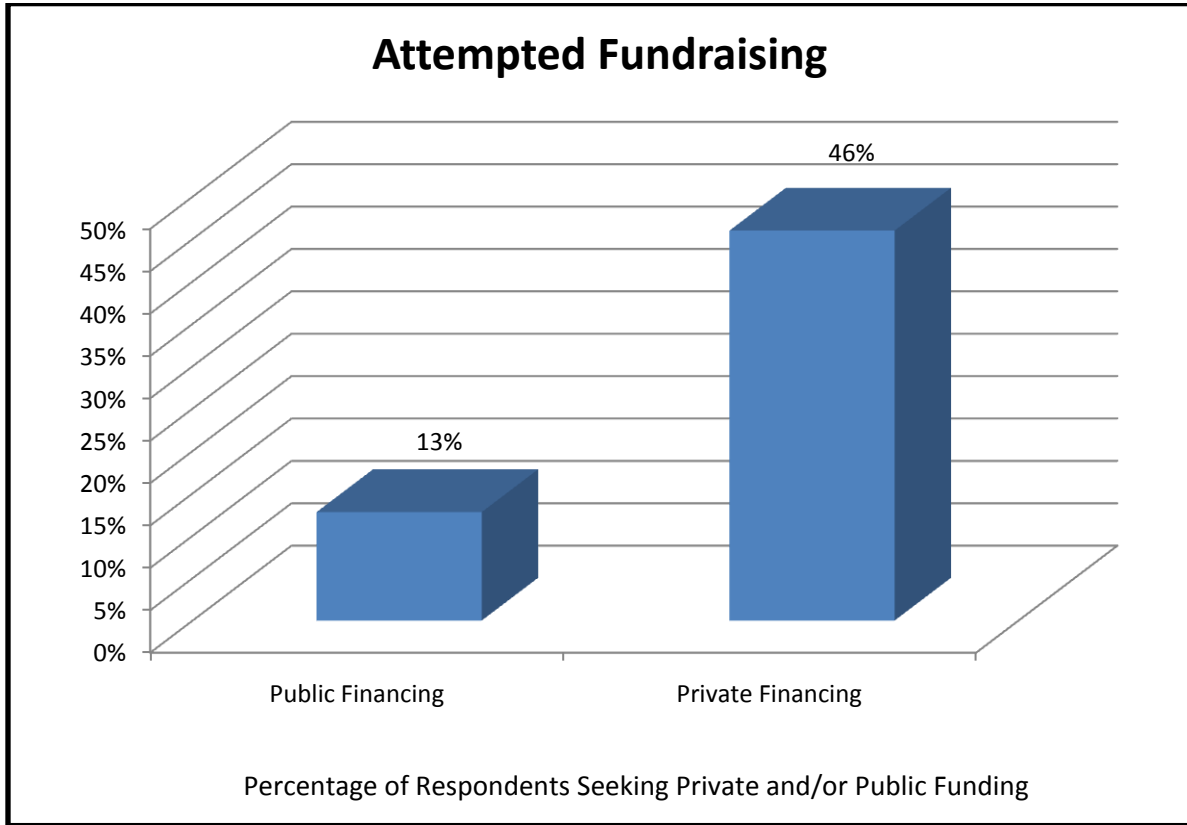
**Rent per Employee per Month
(Companies that Pay for Commercial Office Space)**

	Boston	Palo Alto	New York	Other	Total
Mean	\$2,080	\$1,223	\$1,037	\$527	\$1,217
Median	\$500	\$475	\$733	\$333	\$488
	16	38	33	11	98



Financing

We asked respondents whether they had applied for public financing (grants, fellowships, etc.) or private financing in the last 12 months. The graph below illustrates the results.



Applications for Public Financing*

	Yes	No	Total Response
Boston	26%	74%	34
Palo Alto	10%	90%	89
New York	7%	93%	97
Other	21%	79%	38
Total	13%	87%	258

*in the last 12 months

Of the applicants that applied for public funding, many were successful (69%).

Results of Public Financing Applications

	Application Denied	Application Pending	Funding Received	Percentage
Boston, MA	2	6	8	75%
Palo Alto, CA	3	4	7	57%
New York, NY	2	4	6	67%
Other	1	4	5	80%
Total	8	18	26	69%

Respondents raised \$28.4 Million on 26 successful applications. The average raise per application for public funding was \$861,671. Note, these results exclude the pending applications.

Public Financing Raised

	Total Applications	Applications Accepted	Total Dollars Raised	Average Financing	Raise Per Application
Boston	10	8	\$21,400,000	\$2,675,000	\$2,140,000
Palo Alto	9	7	\$5,225,150	\$746,450	\$580,572
New York	7	6	\$477,000	\$79,500	\$68,143
Other	8	5	\$1,333,000	\$266,600	\$166,625
Total	34	26	\$28,435,150	\$1,093,660	\$861,671

Companies that Sought Private Financing*

	No	Yes	Total Respondents
Boston	50%	50%	34
Palo Alto	58%	42%	84
New York	50%	50%	92
Other	57%	43%	38
Total	54%	46%	248

*in the last 12 months

Those companies that sought private financing reported whether or not they had raised any money. The table below details the response. Note, although many more companies applied for private funding than public funding, the likelihood of success in raising public funding (69%) and private funding (70%) was virtually identical.

Companies that Sought Private Financing and Raised Money*

	Yes	No	Total Respondent
Boston	67%	33%	15
Palo Alto	79%	21%	33
New York	64%	36%	45
Other	71%	29%	17
Total	70%	30%	110

In the table below, we cross-referenced the reported revenues of respondents versus the status of private funding in the last 12 months. Specifically, we asked if a company had sought funding, and whether they had received funding.

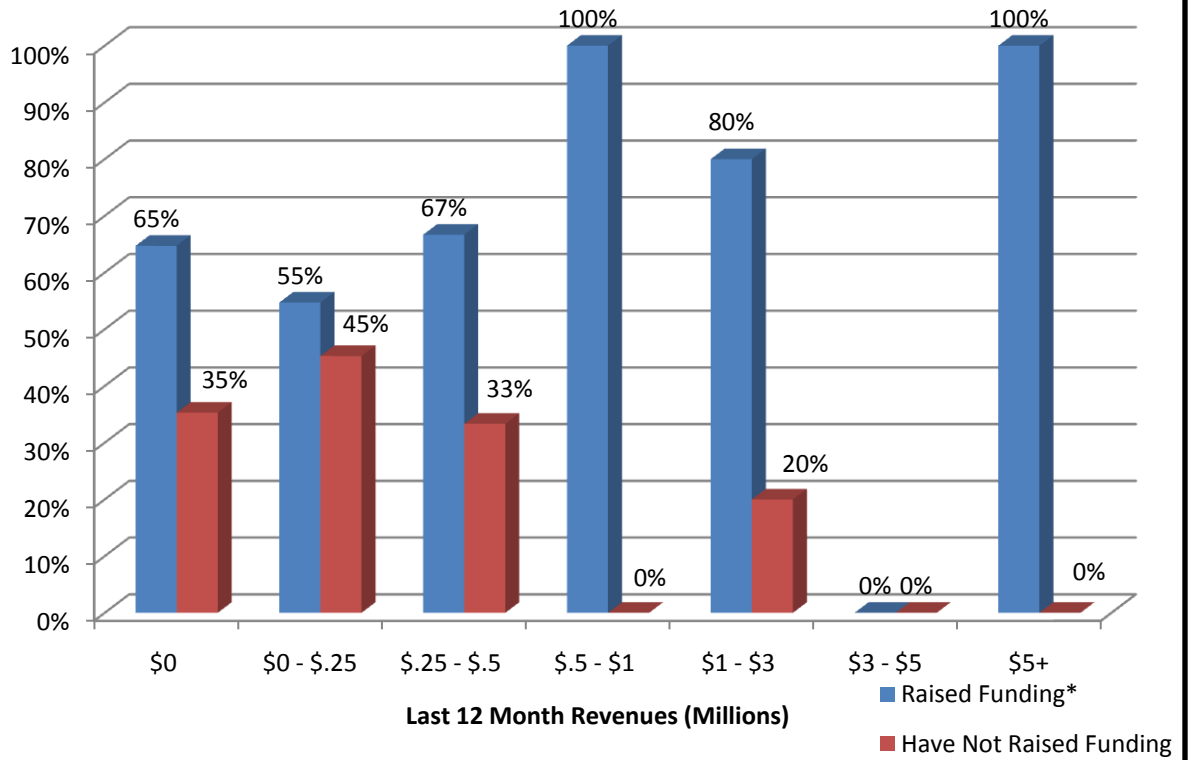
Private Funding by Revenue Range

Revenue	Did Not Seek Funding	Have Raised Funding	Funding Not (Yet) Received	Total Response
\$0	57	33	18	108
\$1 - \$250,000	46	29	24	99
\$250,000 - \$500,000	8	8	4	20
\$500,000 - \$1,000,000	4	4	0	8
\$1,000,000 - \$3,000,000	11	4	1	16
\$3,000,000 - \$5,000,000	1	0	0	1
\$5,000,000+	4	1	0	5
Total	131	79	47	257

146 companies attempted to raise private funding in the last 12 months. The graph below demonstrates the results by revenue category. Note, 10 companies with at least \$500,000 in annual revenues tried to raise funding and nine succeeded.

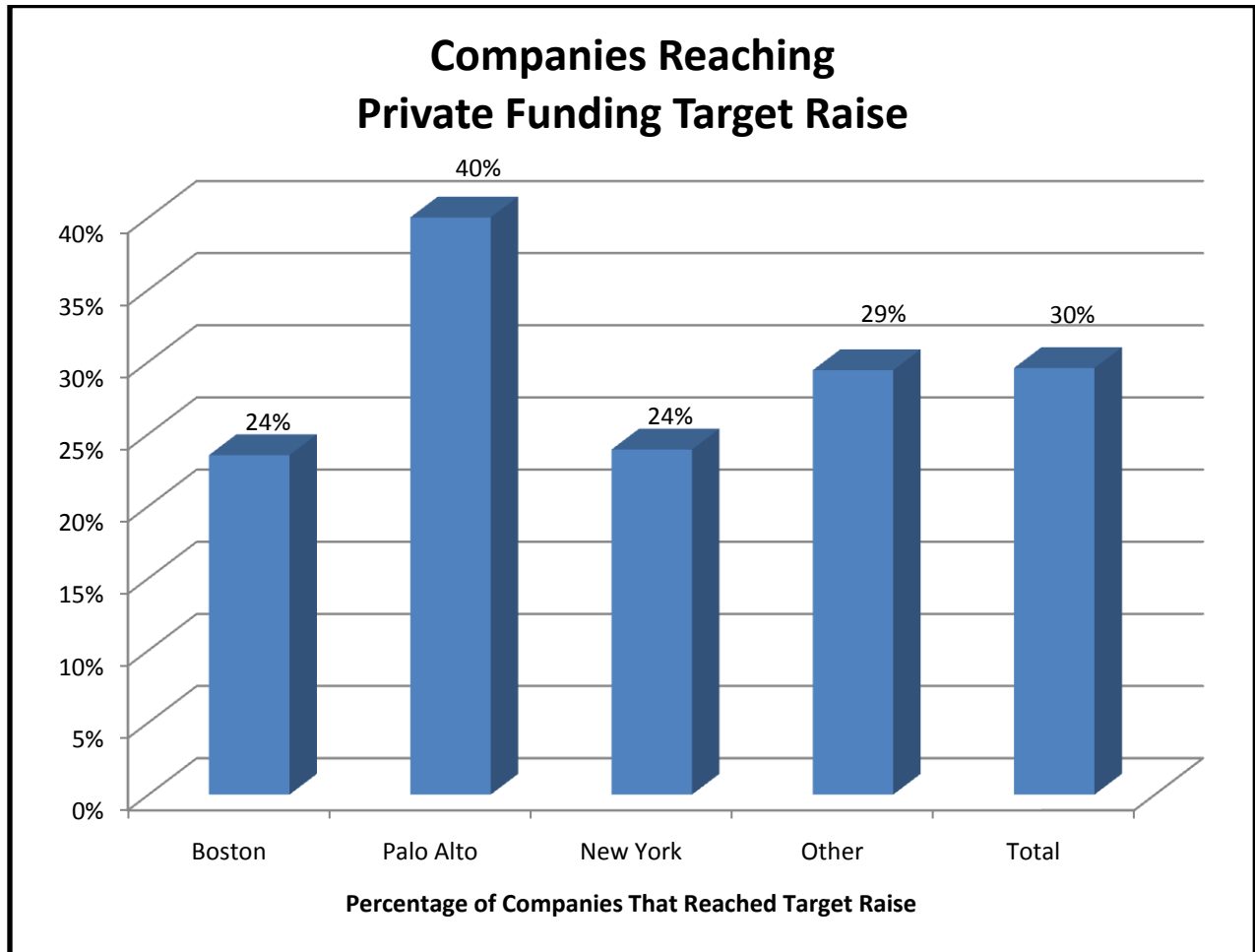
We asked respondents to indicate how much private financing they “tried” to raise in the last 12 months. We then cross referenced these numbers with the actual dollars raised in this time period. The table below documents whether or not each responding company reached its target raise. Note, although 70% of companies seeking private funding raised some money, only 30% of respondents raised as much money as hoped.

Success Rate of Private Fundraising By Revenue



Reached Target Raise?

	No	Yes	Total
Boston	76%	24%	17
Palo Alto	60%	40%	35
New York	76%	24%	46
Other	71%	29%	17
Total	70%	30%	115



Using the private financings reported, we calculated the total dollars raised in the last 12 months and the average financing (total dollars raised/companies that received funding).

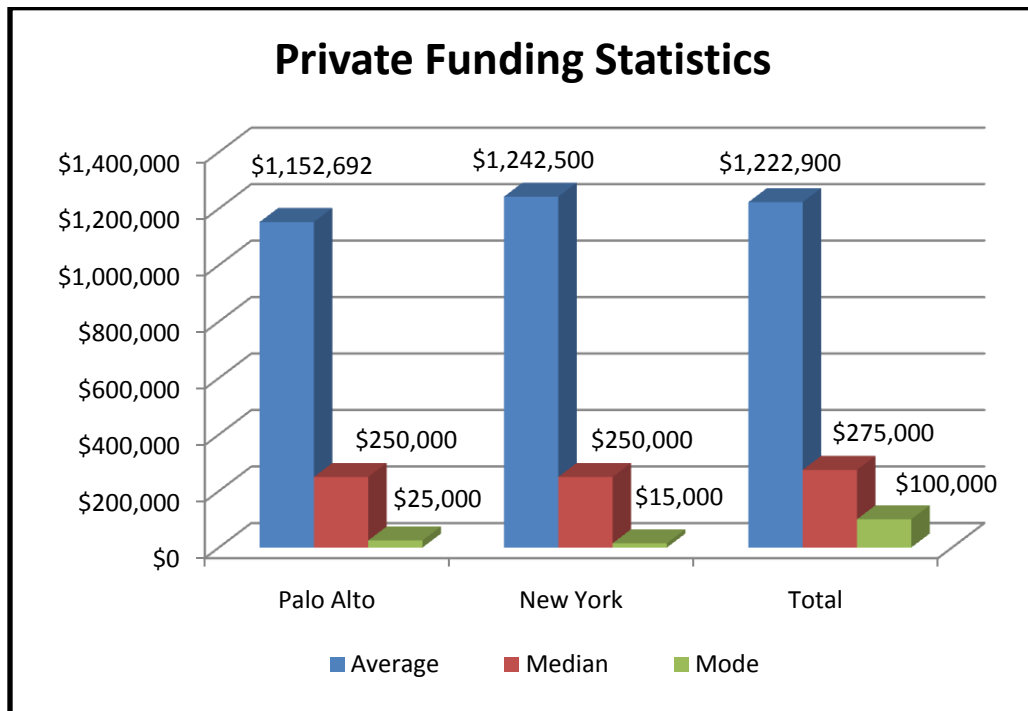
Private Funding Dollars

	Sought Financing	Received Financing	Total Dollars Raised	Average Financing
Boston	17	10	\$17,495,000	\$1,749,500
Palo Alto	35	26	\$29,970,000	\$1,152,692
New York	46	29	\$36,032,500	\$1,242,500
Other	17	10	\$8,220,000	\$822,000
Total	115	75	\$91,717,500	\$1,222,900

For more detail regarding these fundings we compared the average, median and mode private financings reported in each region:

Private Funding Analysis

	Average	Median	Mode	Top
Boston	\$1,749,500	\$692,500	\$1,000,000	\$10,000,000
Palo Alto	\$1,152,692	\$250,000	\$25,000	\$10,000,000
New York	\$1,242,500	\$250,000	\$15,000	\$12,000,000
Other	\$822,000	\$100,000	\$20,000	\$6,000,000
Total	\$1,222,900	\$275,000	\$100,000	\$12,000,000



Access to Advisors and Investors

We asked respondents whether their company had a board of advisors.

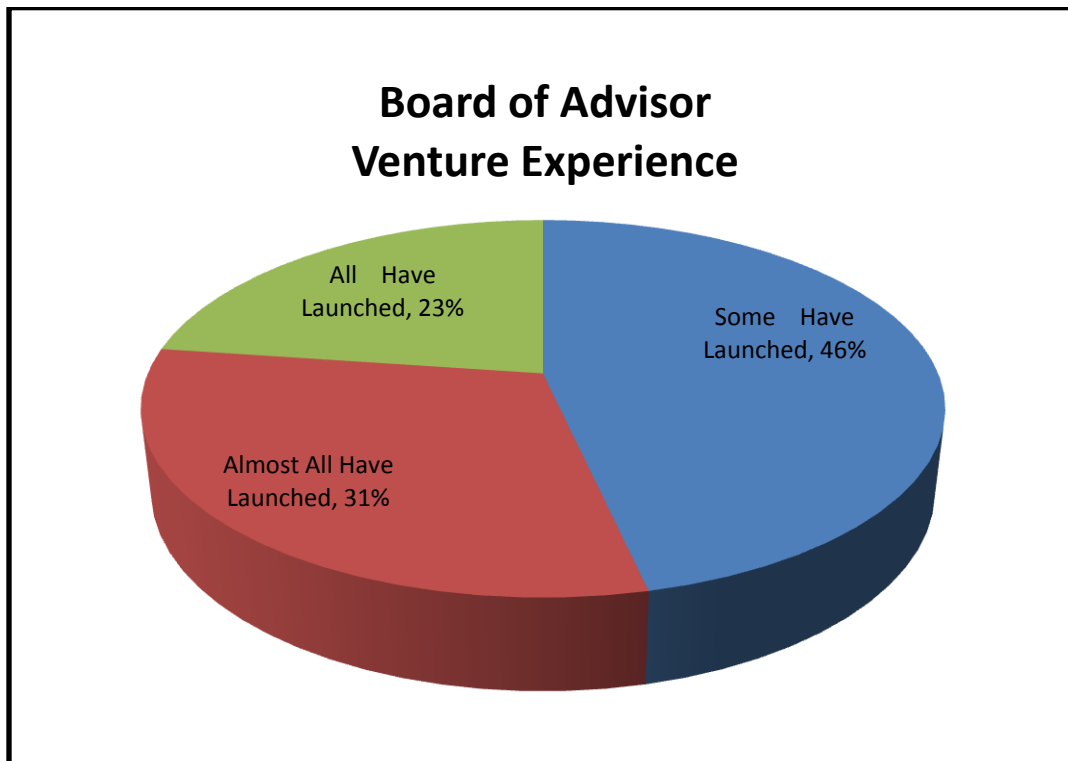
Board of Advisors

	No	Yes	Total
Boston	55%	45%	33
Palo Alto	46%	54%	81
New York	56%	44%	86
Other	53%	47%	36
Total	52%	48%	236

We also asked whether members of these boards had launched a venture.

Board of Advisor Makeup

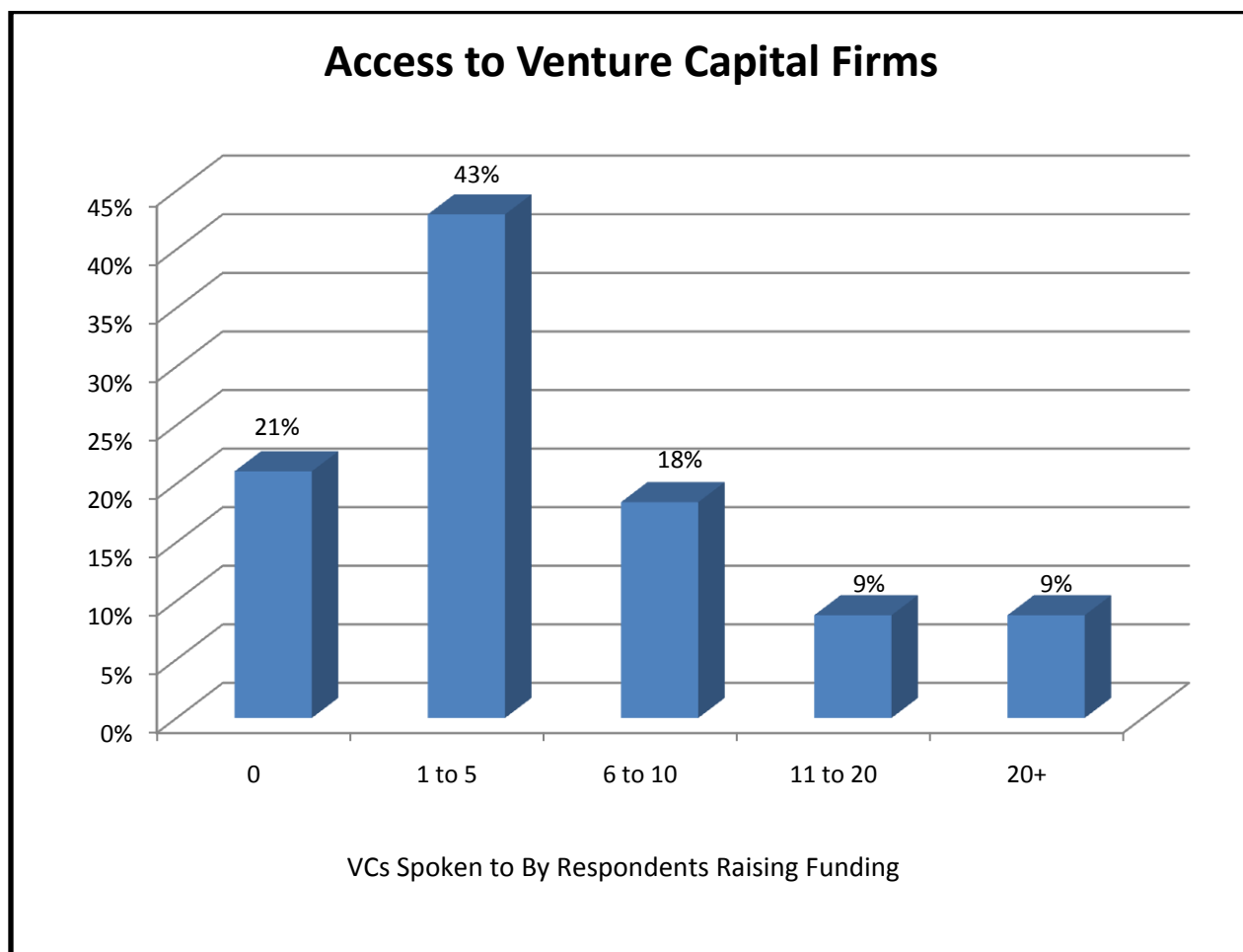
	No Board Advisors	Some Venture Experience	Almost All Have Venture Exp.	All Have Venture Exp	Total Responses
Boston	55%	12%	24%	9%	33
Palo Alto	46%	25%	16%	14%	81
New York	56%	23%	12%	9%	86
Other	53%	25%	11%	11%	36
Total	52%	22%	15%	11%	236



Venture Capital Funds Accessed*

	0	1 to 5	6 to 10	11 to 20	20+	Total
Boston	12%	59%	12%	12%	6%	17
Palo Alto	17%	33%	28%	6%	17%	36
New York	27%	30%	16%	16%	11%	44
Other	35%	41%	18%	6%	0%	17
Total	23%	37%	19%	11%	11%	114

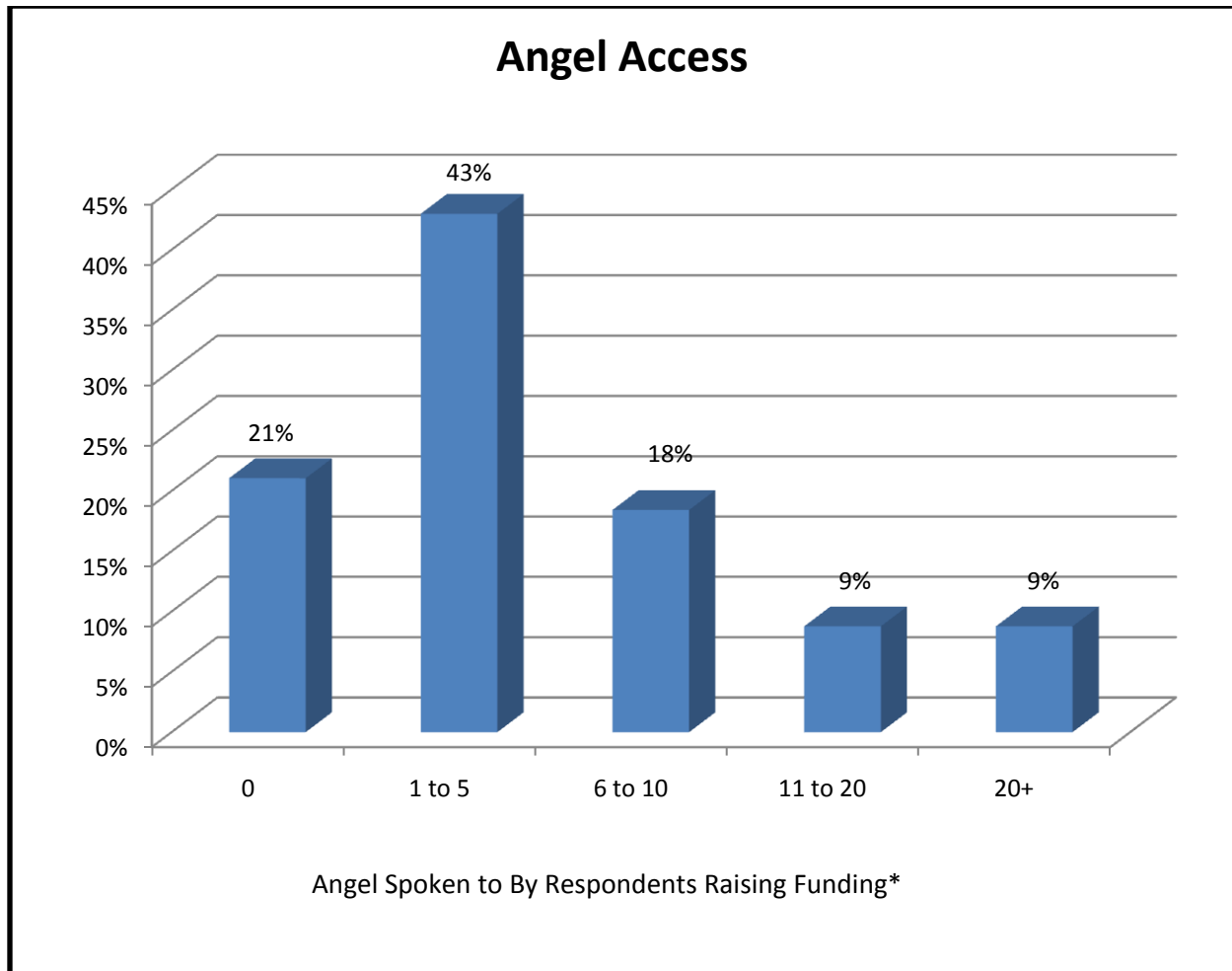
*Those companies that reported a desire to raise private funding in the last 12 months



Angel Investors/Investor Groups Accessed*

	0	1 to 5	6 to 10	11 to 20	20 +	Total
Boston	24%	41%	29%	6%	0%	17
Palo Alto	11%	47%	19%	6%	17%	36
New York	27%	36%	16%	14%	7%	44
Other	24%	53%	12%	6%	6%	17
Total	21%	43%	18%	9%	9%	114

*Those companies that reported a desire to raise private funding in the last 12 months



ⁱ Stuart Anderson, Michaela Platzer, and National Venture Capital Association, “American Made, The Impact of Immigrant Entrepreneurs and Professionals on U.S. Competitiveness”, 2002.

ⁱⁱ The Center of Wisconsin Strategy, “Cities and immigration, Local Policies for Immigrant Friendly City”, 2008.

ⁱⁱⁱ M.D Burton, J.B. Sørensen & C.M. Beckman, “From Good Stock: Career histories and new venture formation”, 2002.

^{iv} www.innovationamerica.us, April 5th, 2010.

^v Professor Olav Sorenson (UCLA, Yale) and Toby Stuart (University of Chicago), “Syndication Networks and the Spatial Distribution of Venture Capital Investment”, American Journal of Sociology, 106 (2001): 1546-1588 by Olav Sorenson (UCLA, Yale) and Toby Stuart (University of Chicago), 2001.