

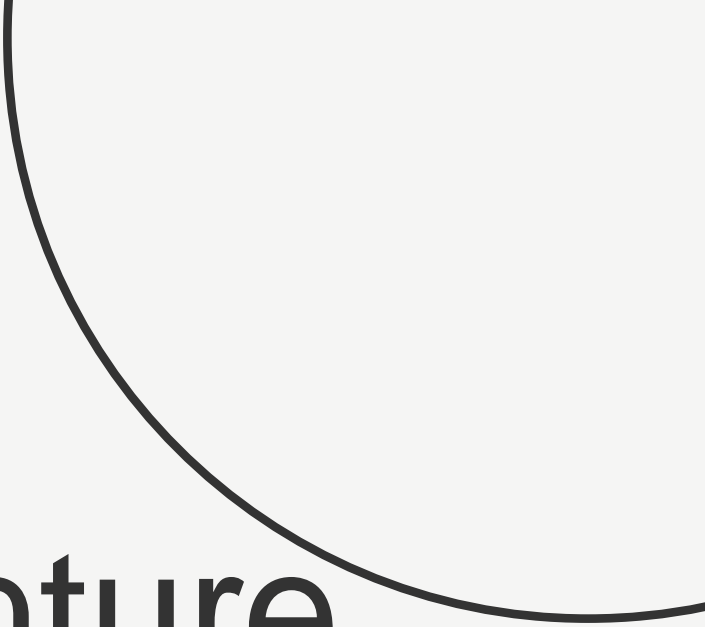
# Southwest Venture Forum

January 23, 2025

Bobby Franklin  
President and CEO, NVCA

---

# The Mechanics of Venture Capital



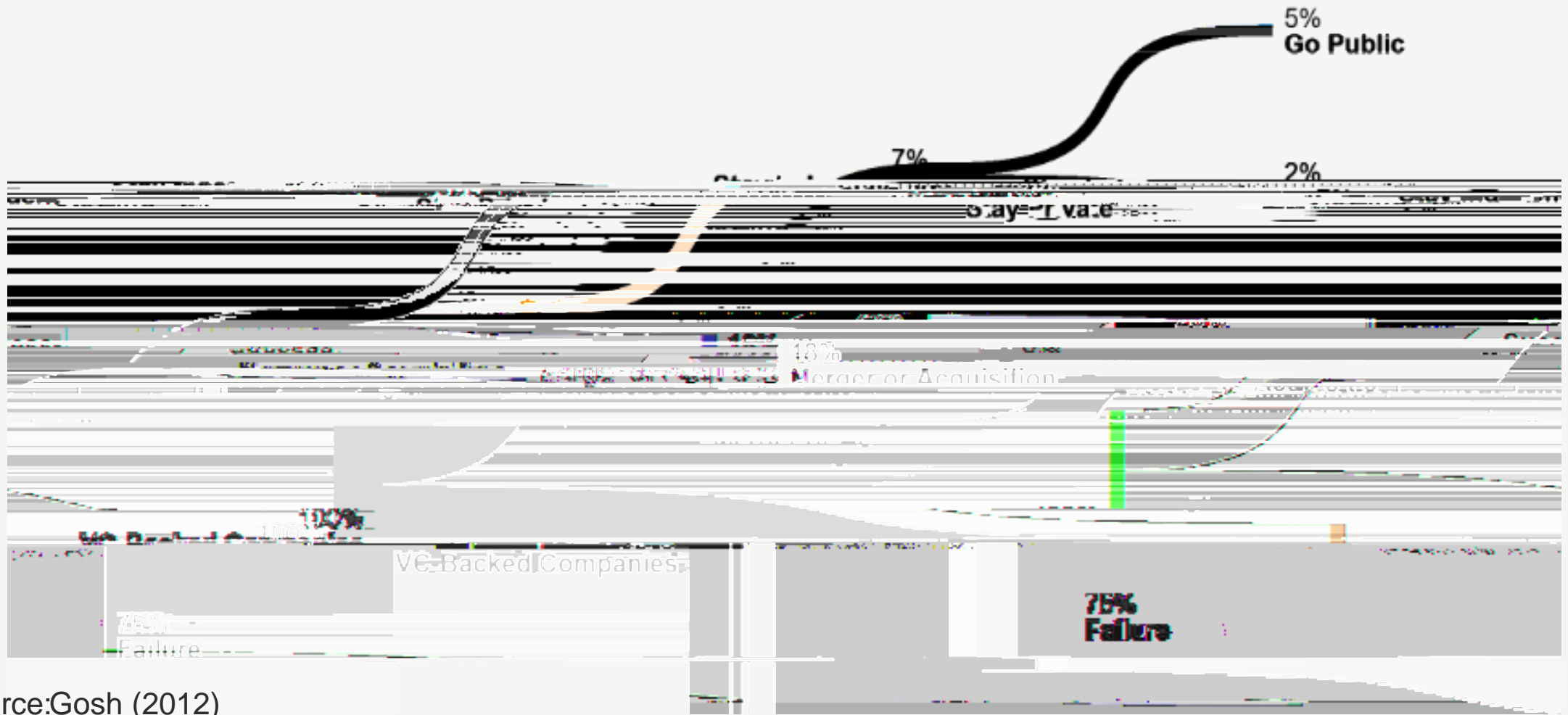


# Power Law

- A tiny fraction of VC investments will generate the majority of returns.
- VCs are looking for home runs, not singles.



# VC Startup Failure Rate

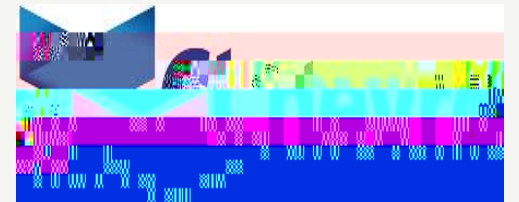
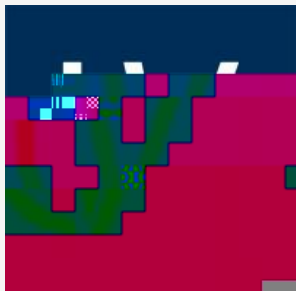


Source:Gosh (2012)

General Partners

Limited Partners

# General Partners Venture Capitalists



# Limited Partners



Pensions



Institutional Investors



Family Offices



Non-Profit Endowments

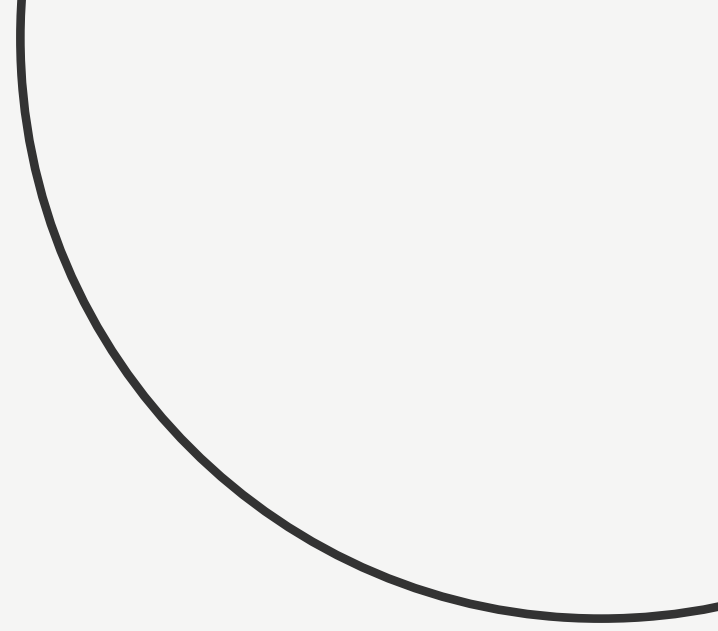




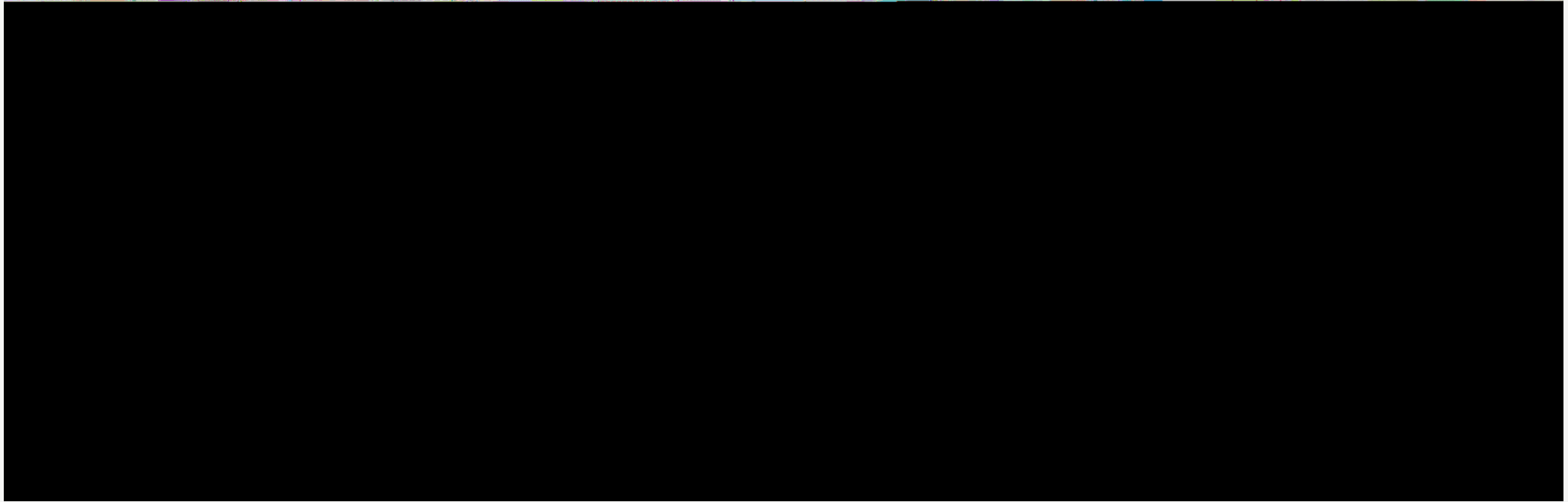
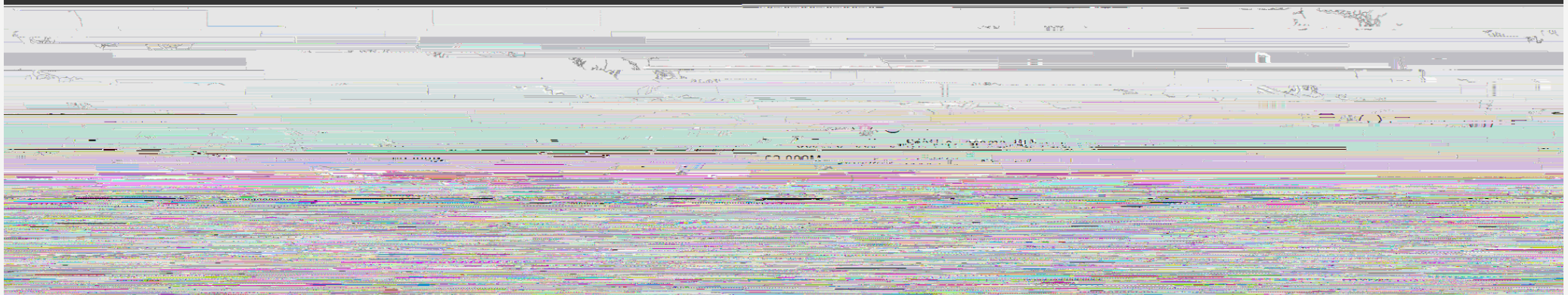
---



# VC Market Conditions



# Top Metropolitan Areas for VC Investment 2024



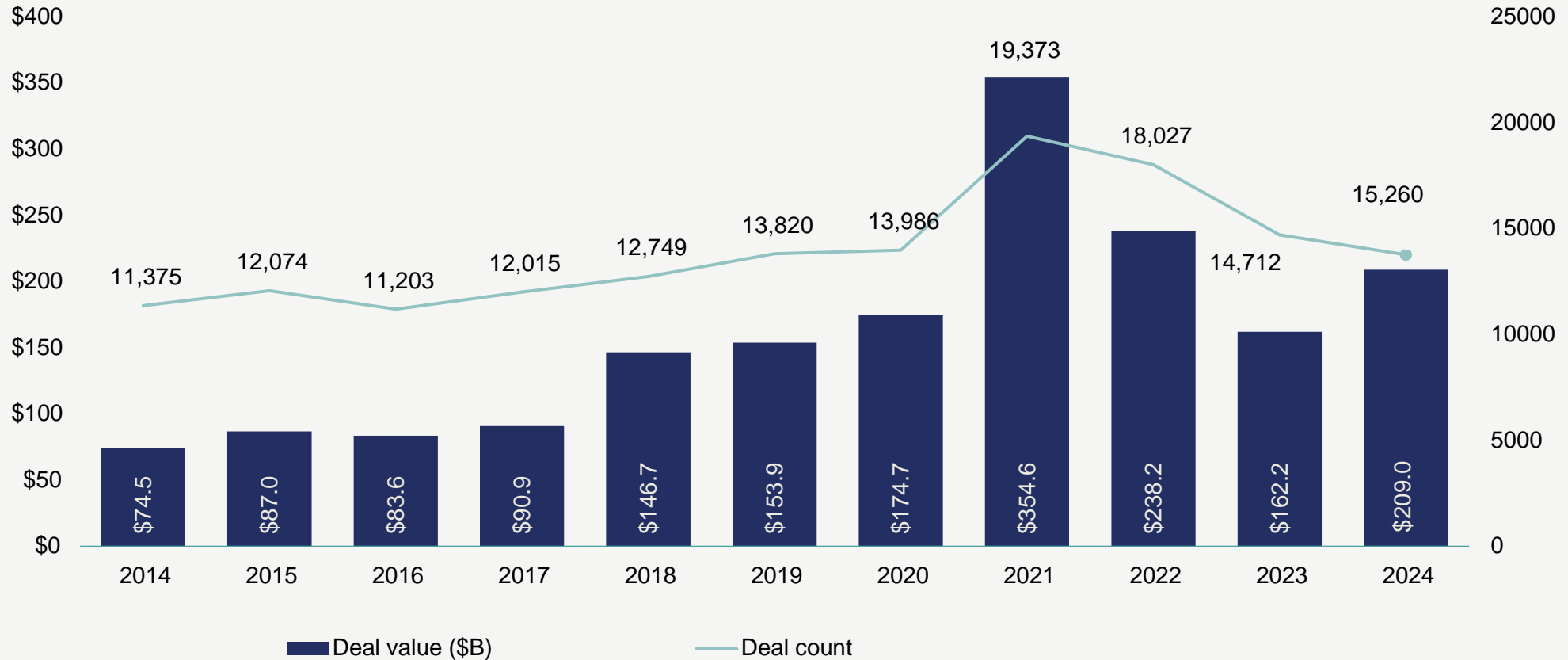
Source: Pitchbook

Source:Pitchbook

---

VC Market Conditions: Fundraising (2020-2024)

# Investment Value and Deal Count

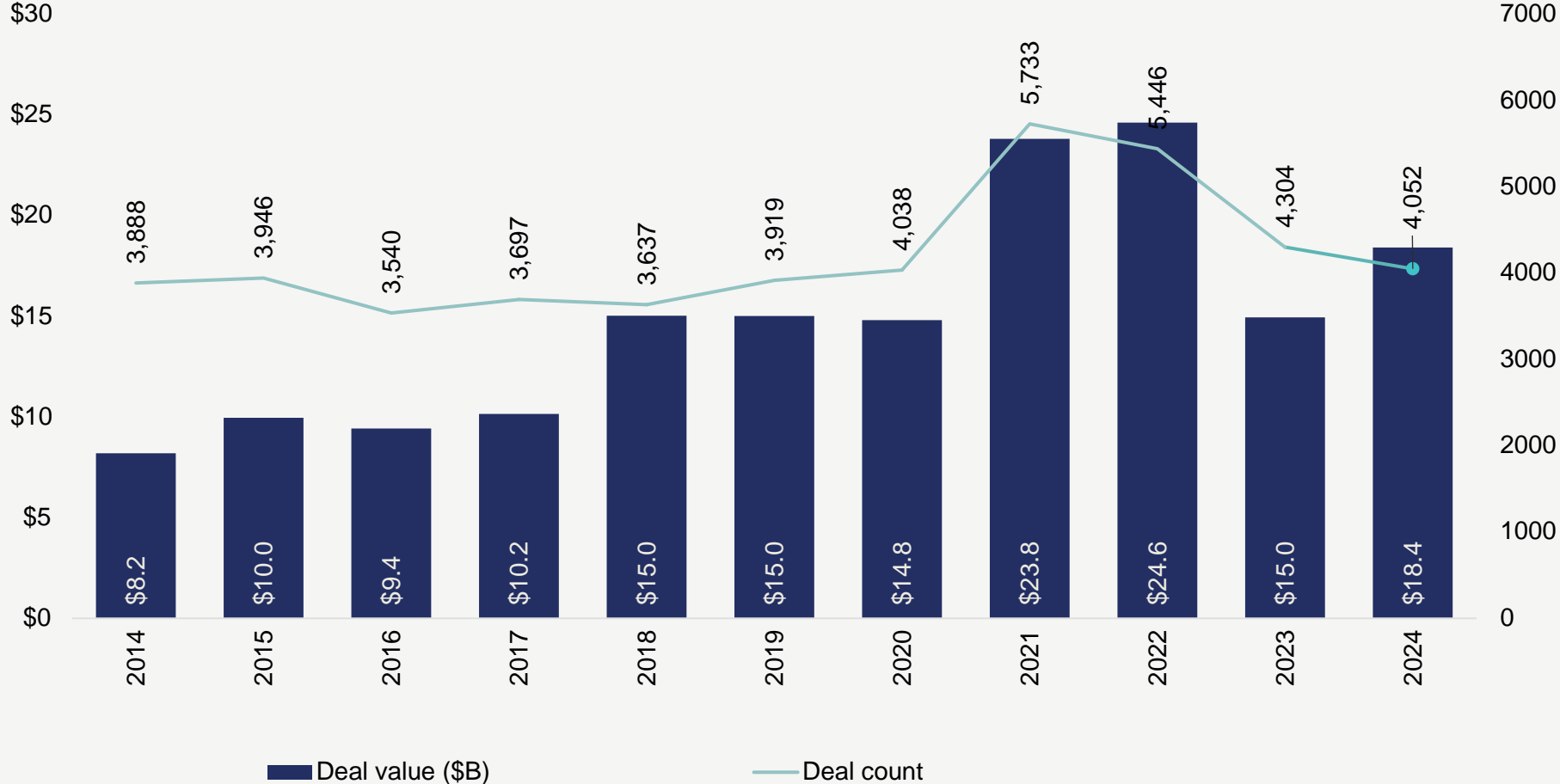


Source: Pitchbook



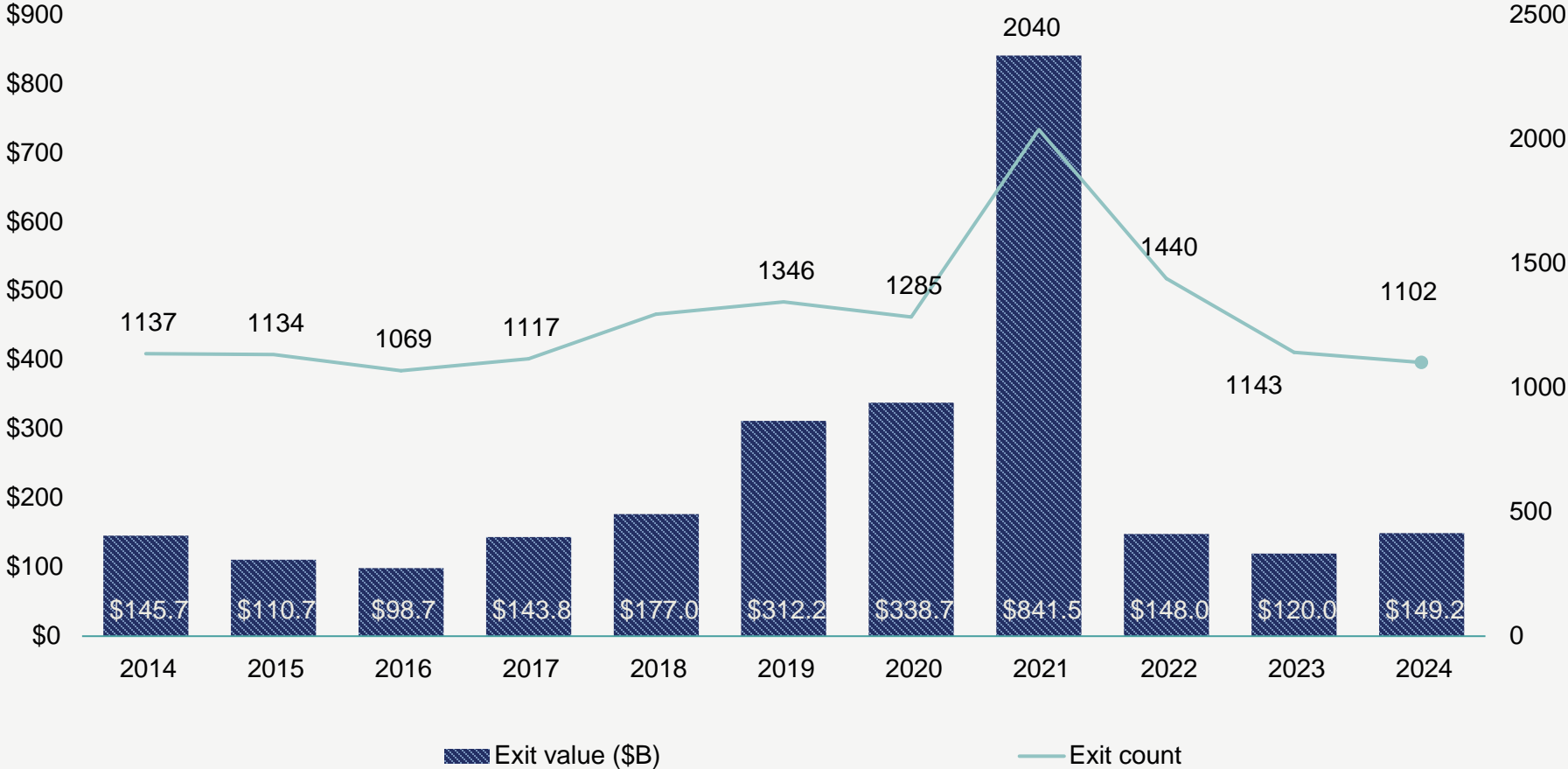


# New Company Formation



Source: Pitchbook

# Exits Number and Disclosed Value



Source: Pitchbook

# Importance to the Texas Economy





# 4,296

Texas startups **receiving** venture funding  
(2019-2023)

Source: PitchBook

---

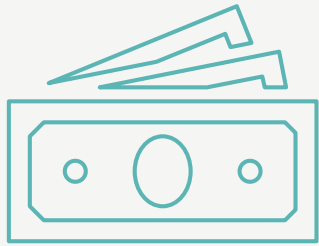
# Over half a million

Texans were employed by VGBacked companies in  
2024

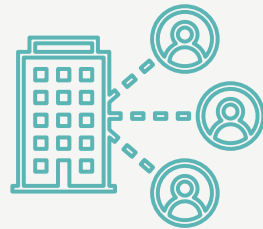
---

# U.S. Economy

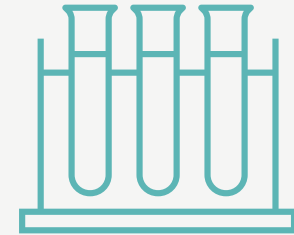




Generate  
Greater Value



Create  
More Jobs



Spark  
Better Innovations

---



**flexport.**

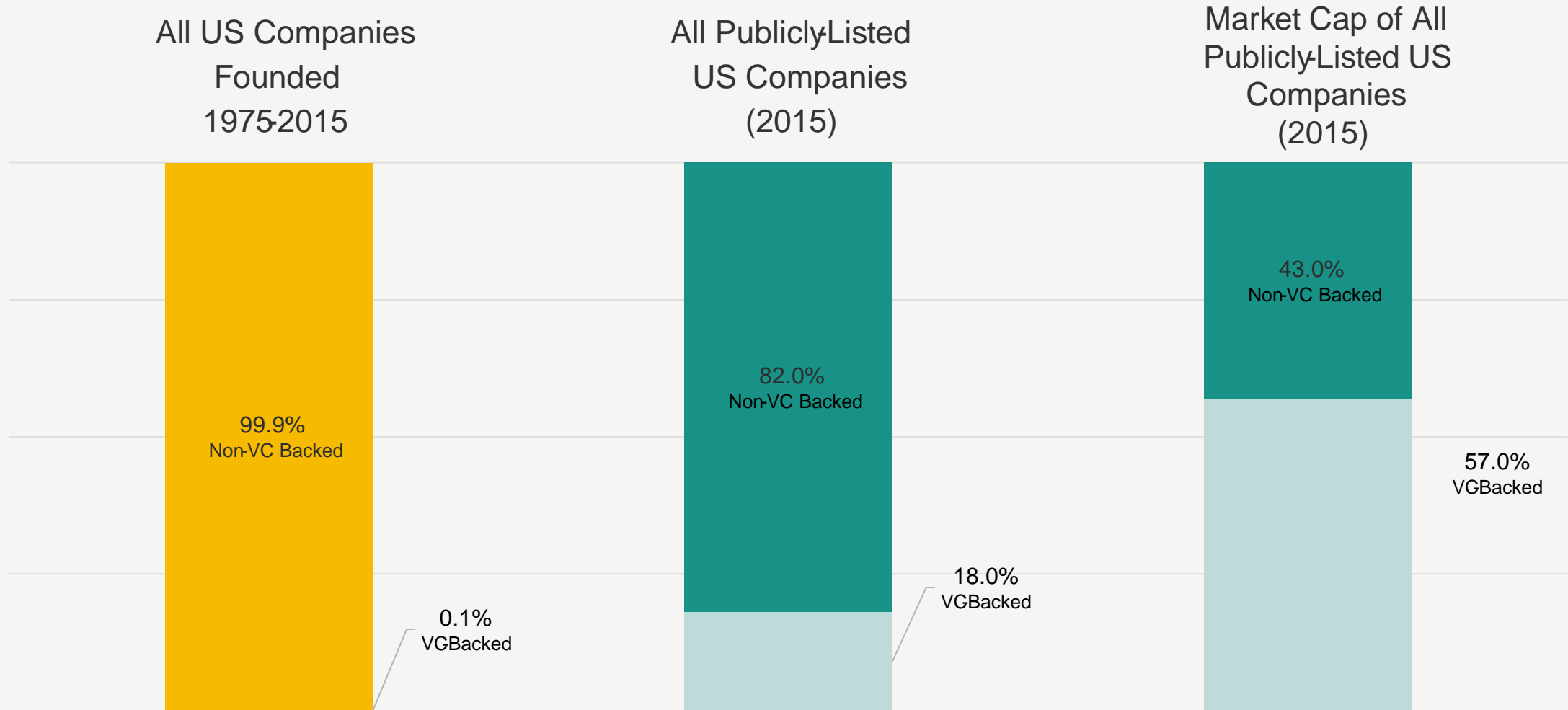


	Market Cap	Country
Apple	\$3.52 T	USA
Nvidia	\$3.22 T	USA
Microsoft	\$3.10 T	USA
Google	\$2.34 T	USA
Amazon	\$2.30 T	USA
Saudi Aramco	\$1.81 T	Saudi Arabia

- 8 of the top 10 companies are VC backed American companies.
- The American companies make 87% of top company market cap.



# VGBacked Companies Create Tremendous Value



Source: Strebulaev & Gornall (2016)



## Job Creation (2023)

6 million

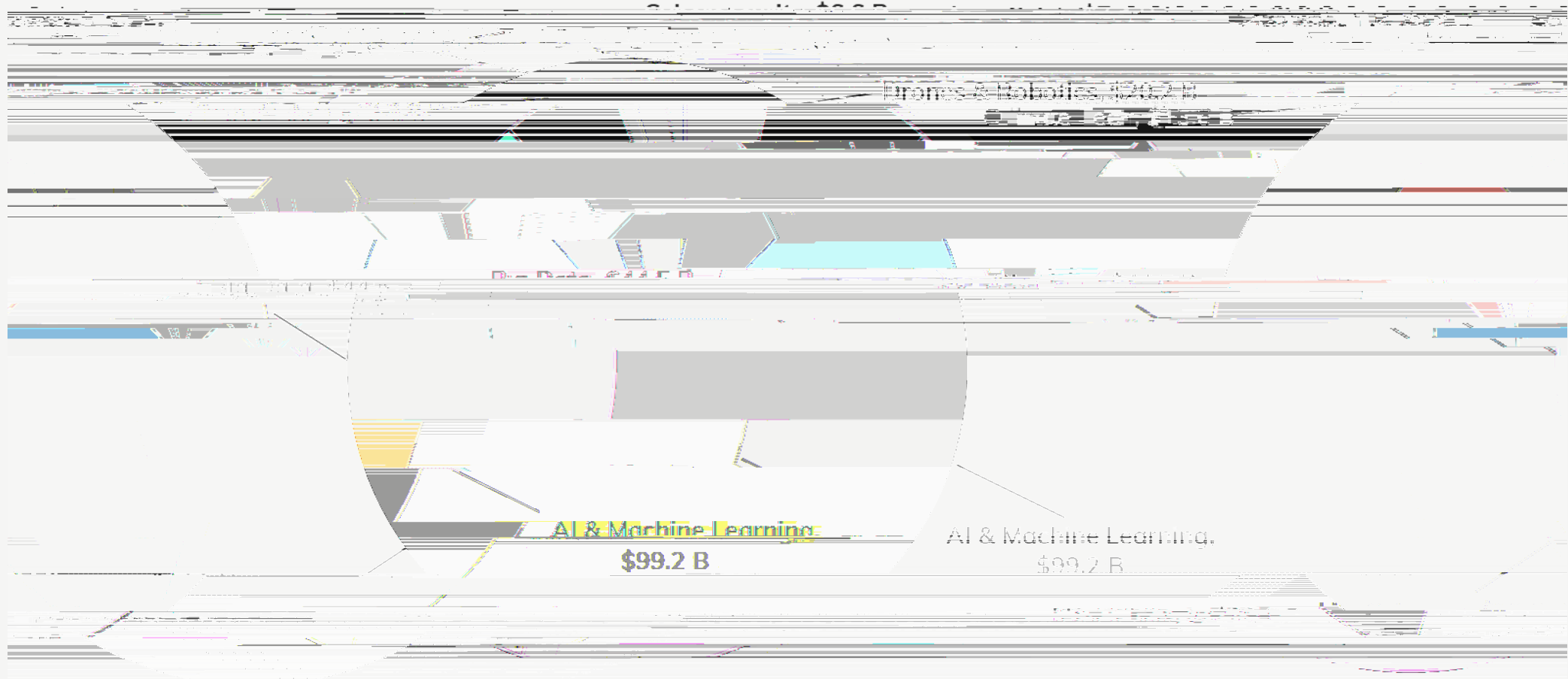
Americans employed by  
54,000 V-backed  
companies across all 50  
states.

62.5%

Of V-backed employment is  
located outside of California,  
Massachusetts, and New York.

VG

(2024)



Source: Pitchbook

# Healthcare Innovation

62%

VC investments are responsible for roughly 62% of new medicines from 2016-2022.

Source: Foundation for Research on Equal Opportunity (2024)

---



# Defense Innovation Last Decade

25x

VC investment into defense tech is up 25x over the last decade in dollar terms.

# AI Innovation

21x

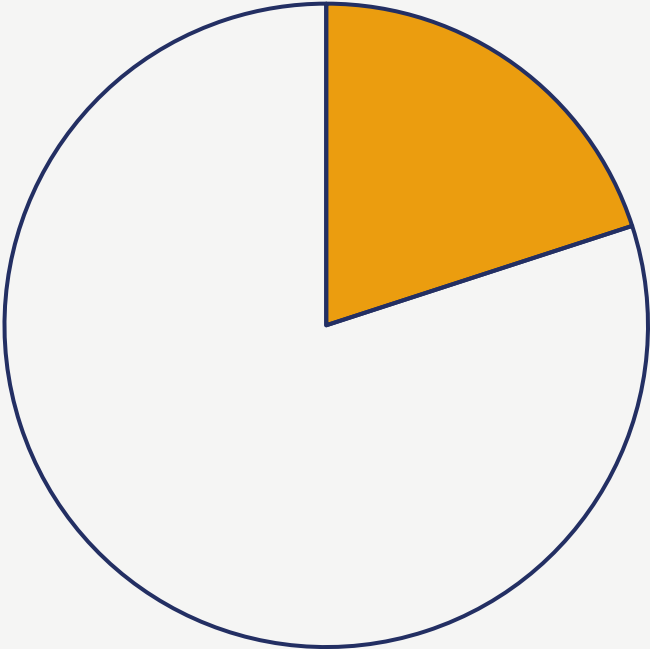
Growth in AI VC investments from  
2019-2024

Source: Pitchbook

---

# AI Innovation

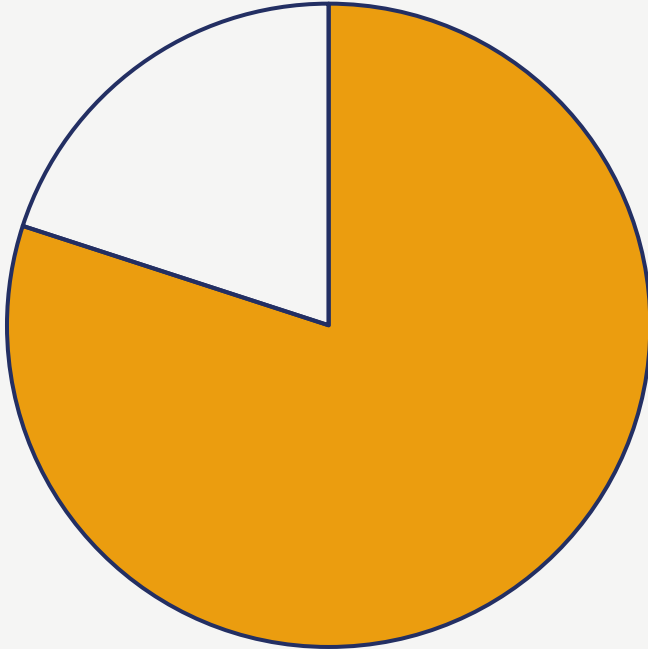
2020



72%

of businesses are integrating in 2024, up from 20% in 2020

2024



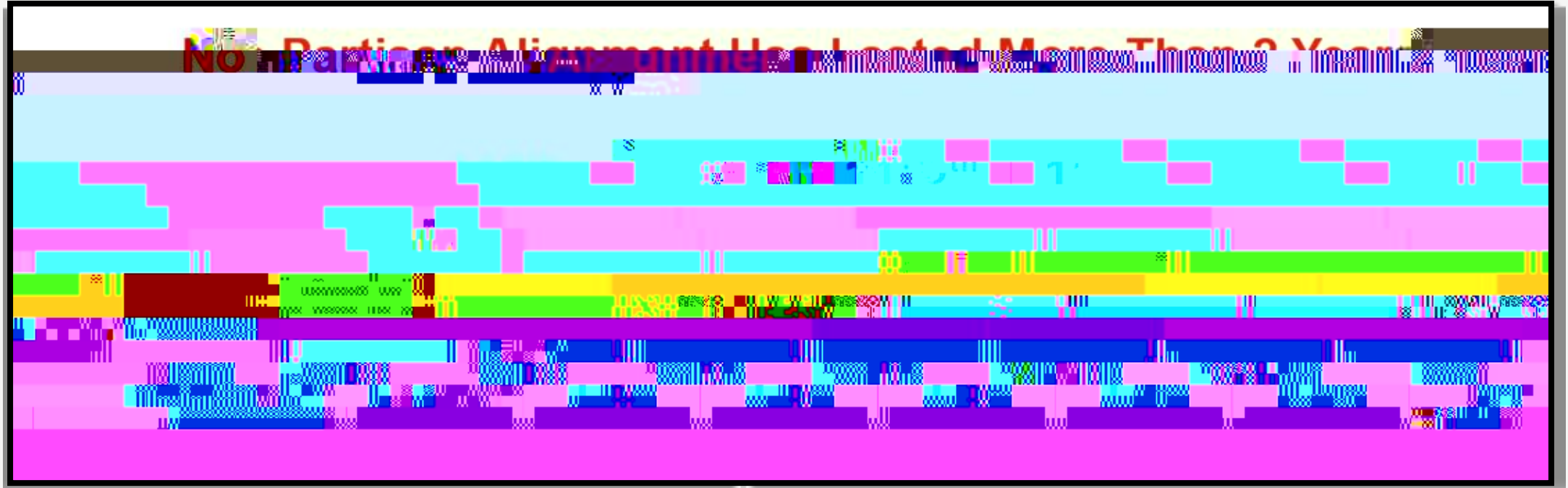
Source:McKinsey Global Survey (2024)

---

# NVCA Policy Priorities in the 119th Congress



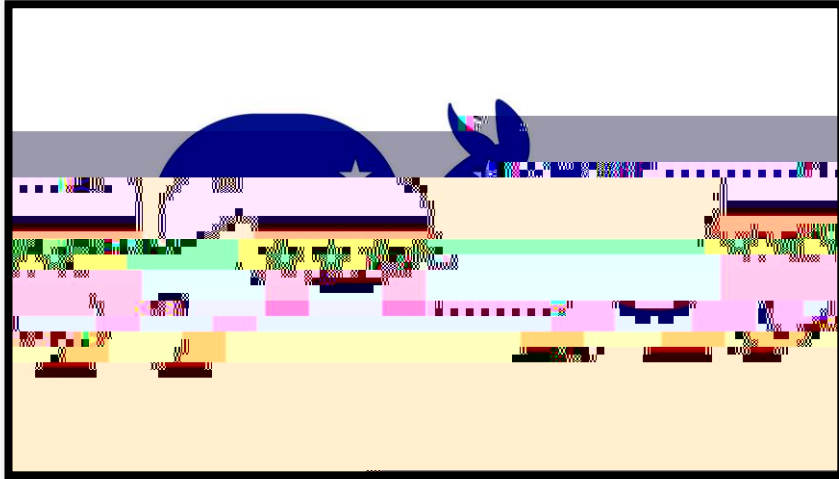
# Trifectas



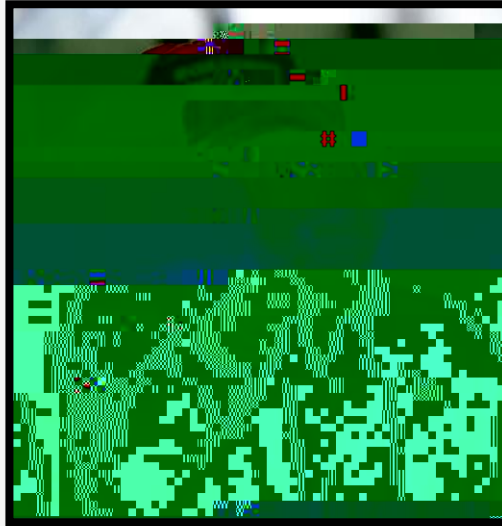
Source:Mehlman Consulting

# State of Play in Washington

Before

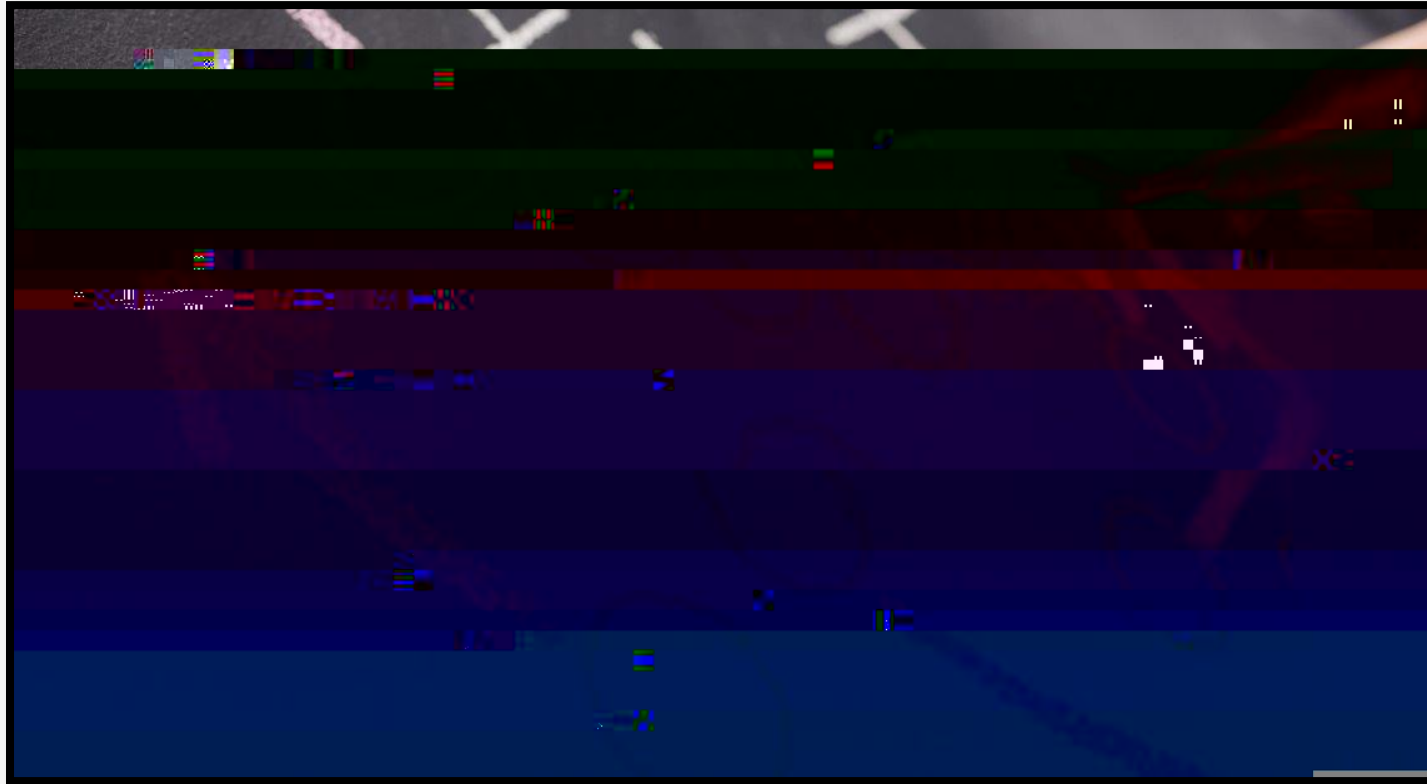


After



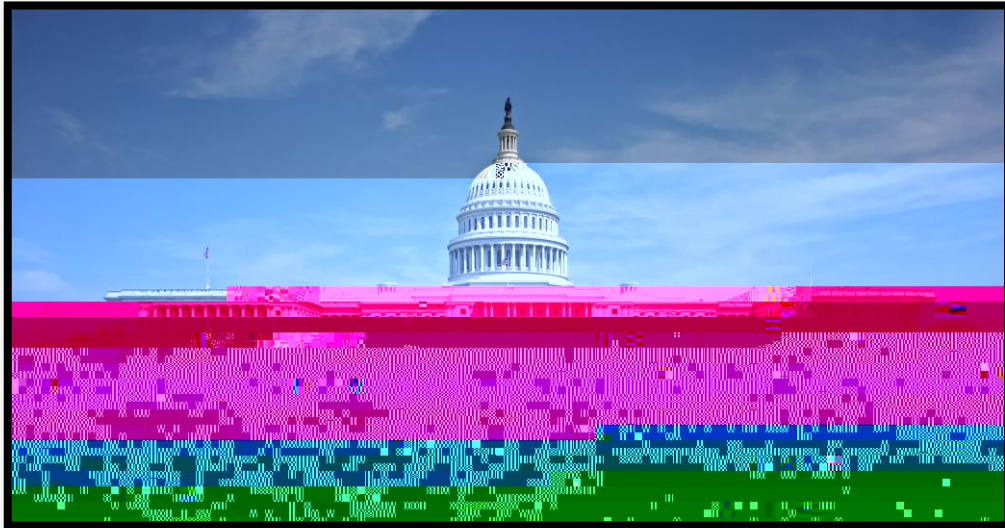
# Pivot to Offense

GOP Trifecta + VCs in DC = unique opportunity to go on offense.



# Tax Policy

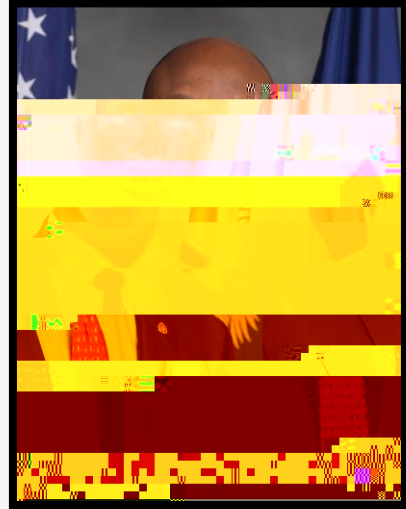
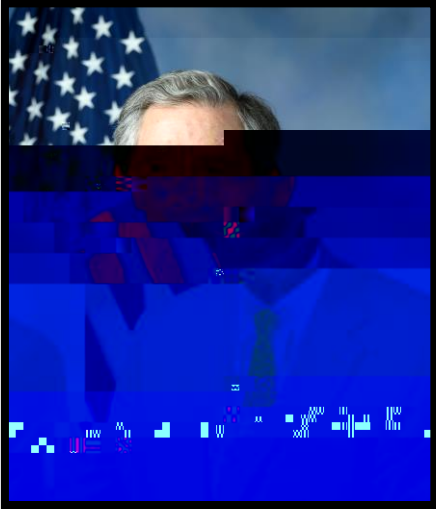
## Tax Cuts and Jobs Act Extension



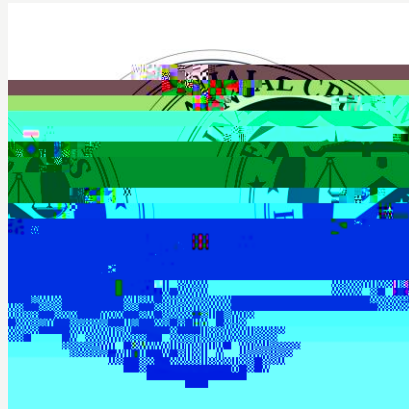
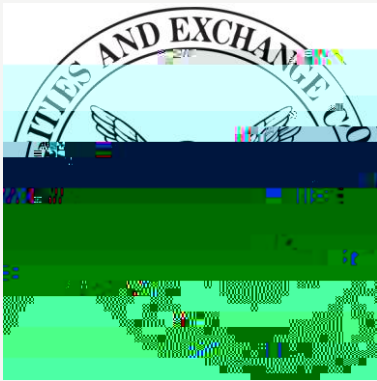
- R&D tax credit
- QSBS
- Carried interest
- Capital gains rate



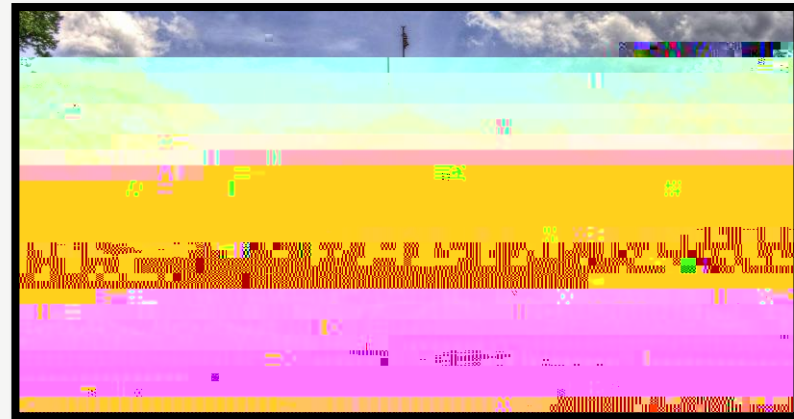
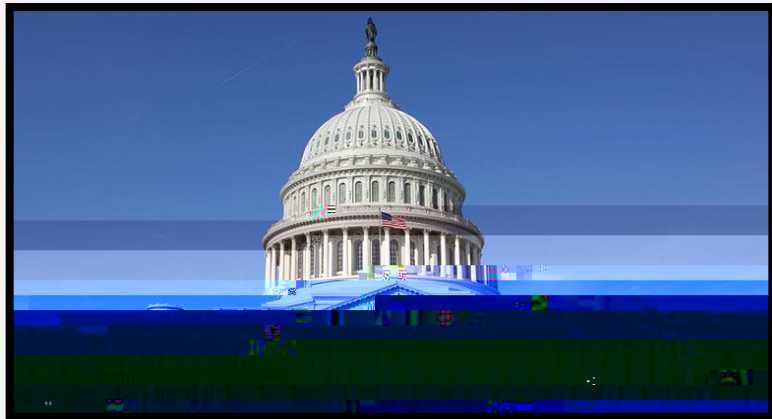
# Regulatory Policy



- Anti Money Laundering rule
- RIA classification/regulations
- Regulatory burdens around communication



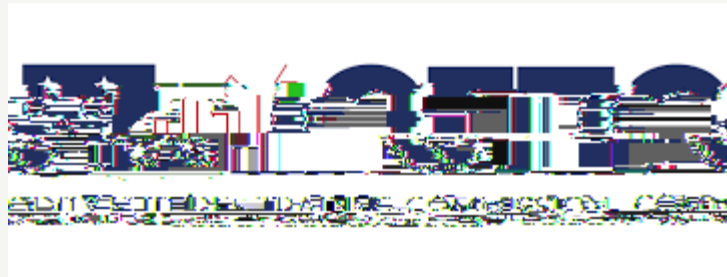
# AI Policy



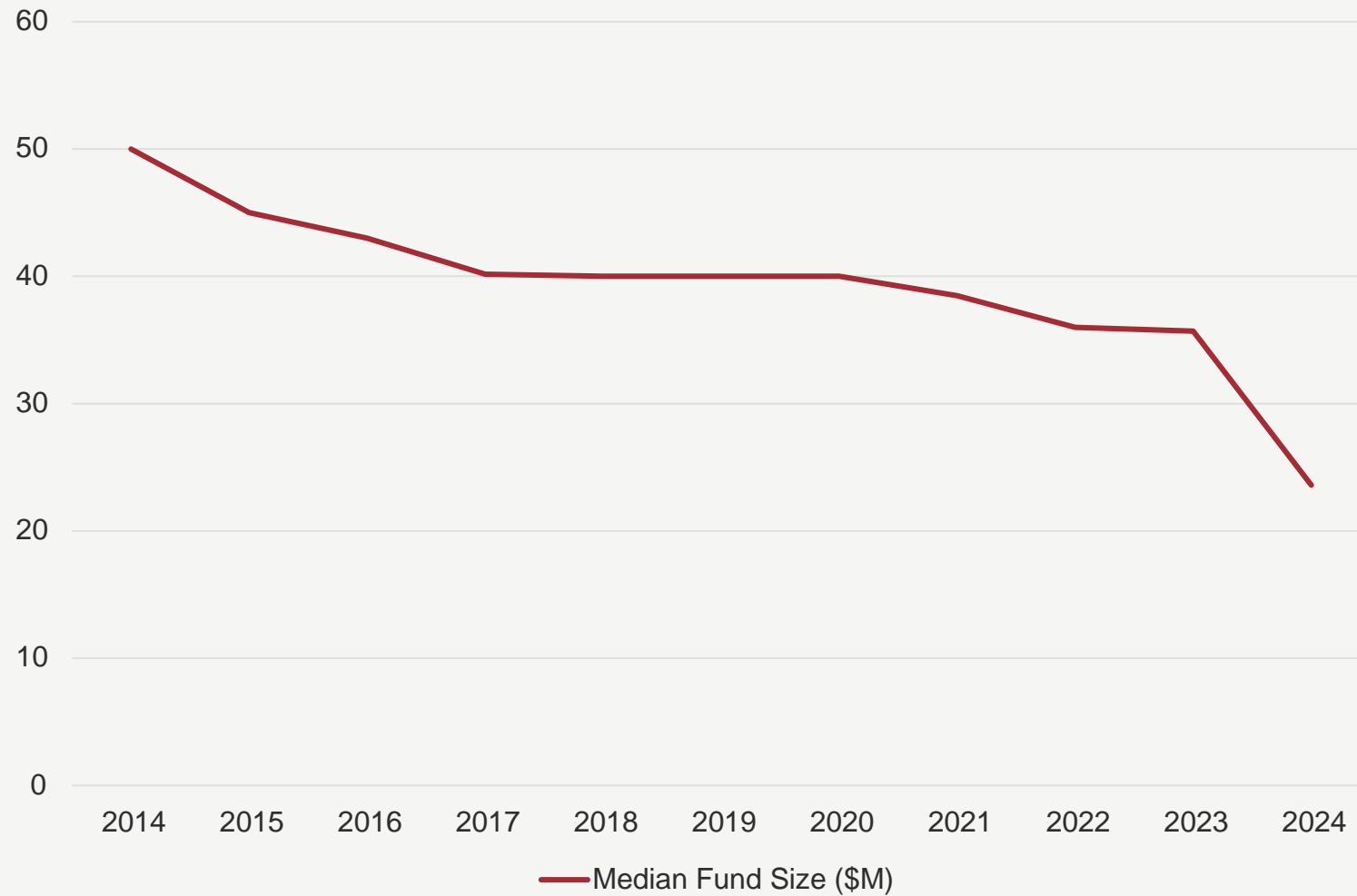
# Crypto/Blockchain Policy



- *Financial Innovation and Technology for the 21st Century Act*
- **Staff Accounting Bulletin No. 121**



# Decline in Median Fund Size



Source: Pitchbook

# VC Policy Priorities



Antitrust



Artificial Intelligence



R&D Innovation

Capital Markets &  
Regulatory

Taxes



Immigration



Tech  
Commercialization  
Econ Dev



Energy

SBA Activity



National Security



Healthcare Innovation



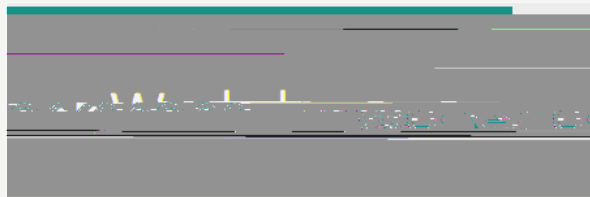
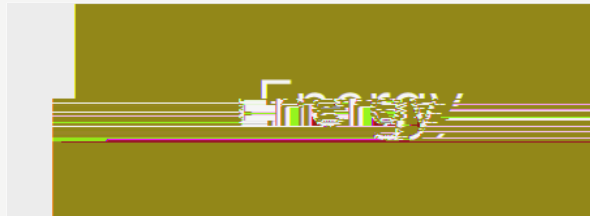
Foreign  
Investment



Patent Reform

Blockchain

# NVCA Policy Working Groups



**venture**

**Venture Forward is NVCA's 501(c)(3)  
nonprofit providing targeted education,  
resources, and networking opportunities**



### **VC University**

The definitive online course in venture finance.



### **LP Office Hours**

Workshops that connect emerging managers from diverse backgrounds to limited partners, experienced general partners, and industry advisors.



### **VC Human Capital Survey**

The survey collects information from 300+ VC firms regarding demographic information, talent management practices, and mentorship programs.

Interested in learning more?  
[ventureforward.org](http://ventureforward.org) | [hello@ventureforward.org](mailto:hello@ventureforward.org)



---

# QUESTIONS

VISIT US AT [NVCA.ORG](https://www.nvca.org)

EMAIL US AT [MEMBERSHIP@NVCA.ORG](mailto:MEMBERSHIP@NVCA.ORG)

---