

# Entrepreneurship in Crises and the Implications for Venture

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What do these  
companies have  
in common?



Necessity  
entrepreneurship



Talent pool growth



Accelerated adoption

Why are successful companies started during economic slumps?

Funding is harder to  
come by

Firms need to  
become cash  
flow positive to  
survive

Unfeasible  
business models  
are weeded out

Hard economic times create an environment in which only  
sustainable firms can succeed



What does this all mean for venture?



Growth in new industries



Portfolio maintenance



Valuation compression



Fundraising difficulties

# Venture Considerations



The Global  
Financial Crisis led  
to the rise of  
fintechs



Delivery/courier  
services



Online grocery



Healthcare and  
pharma



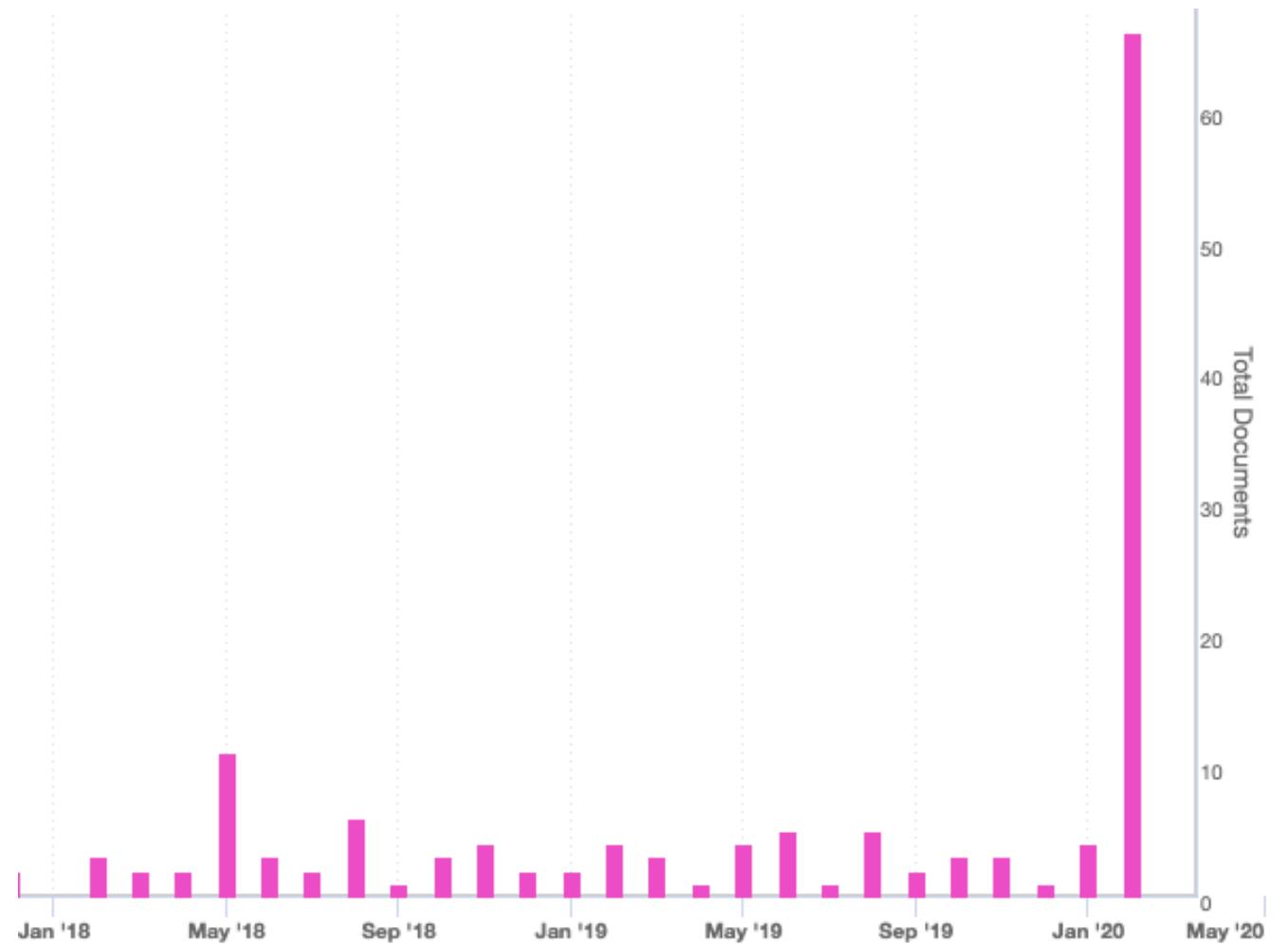
Gaming

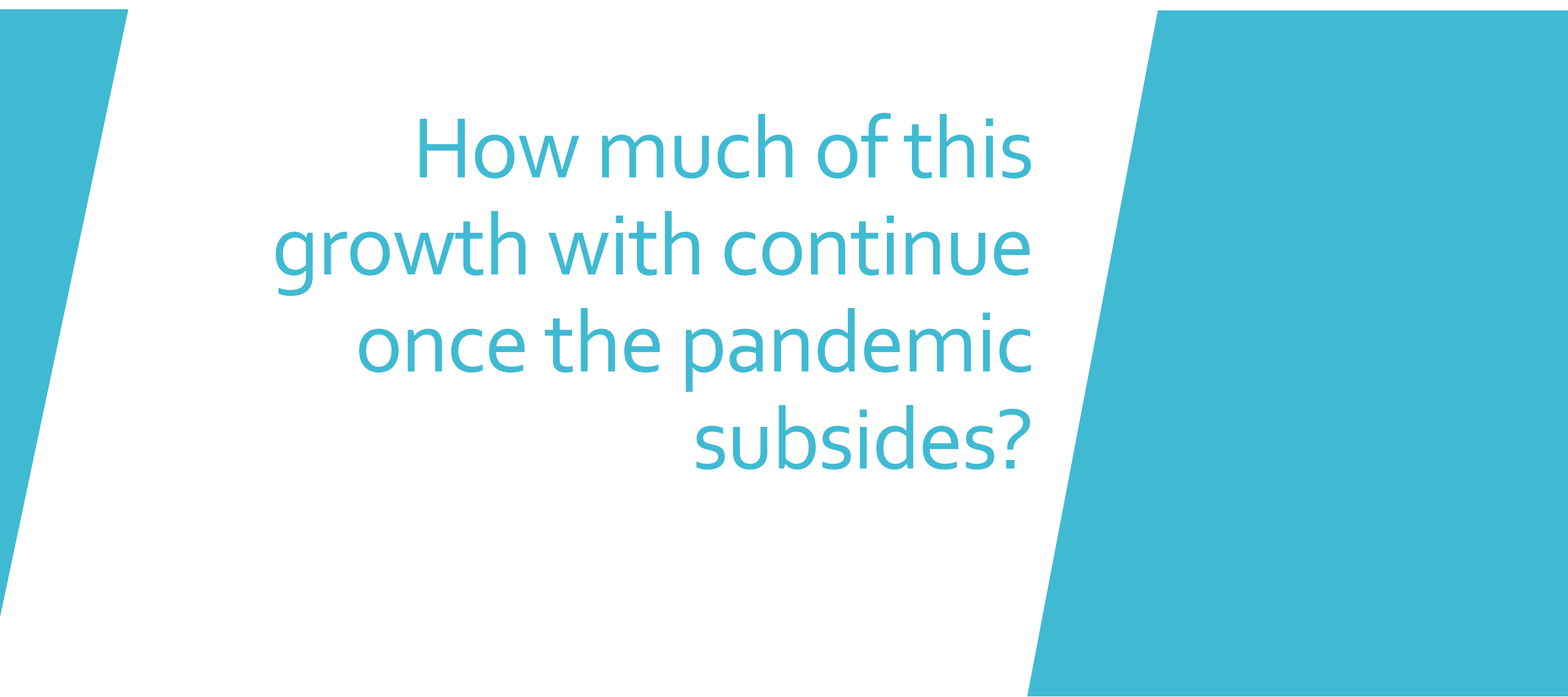
Accelerated growth in some industries



## The “WFH Portfolio”

- Zoom
- Atlassian
- Peloton
- Teledoc





How much of this  
growth will continue  
once the pandemic  
subsides?

How should  
VCs spend  
their funds in  
this uncertain  
time?



**REASSESS PORTFOLIO  
COMPANY NEEDS**



**EVALUATE THESE AGAINST  
NEW AND RECENT PITCHES**

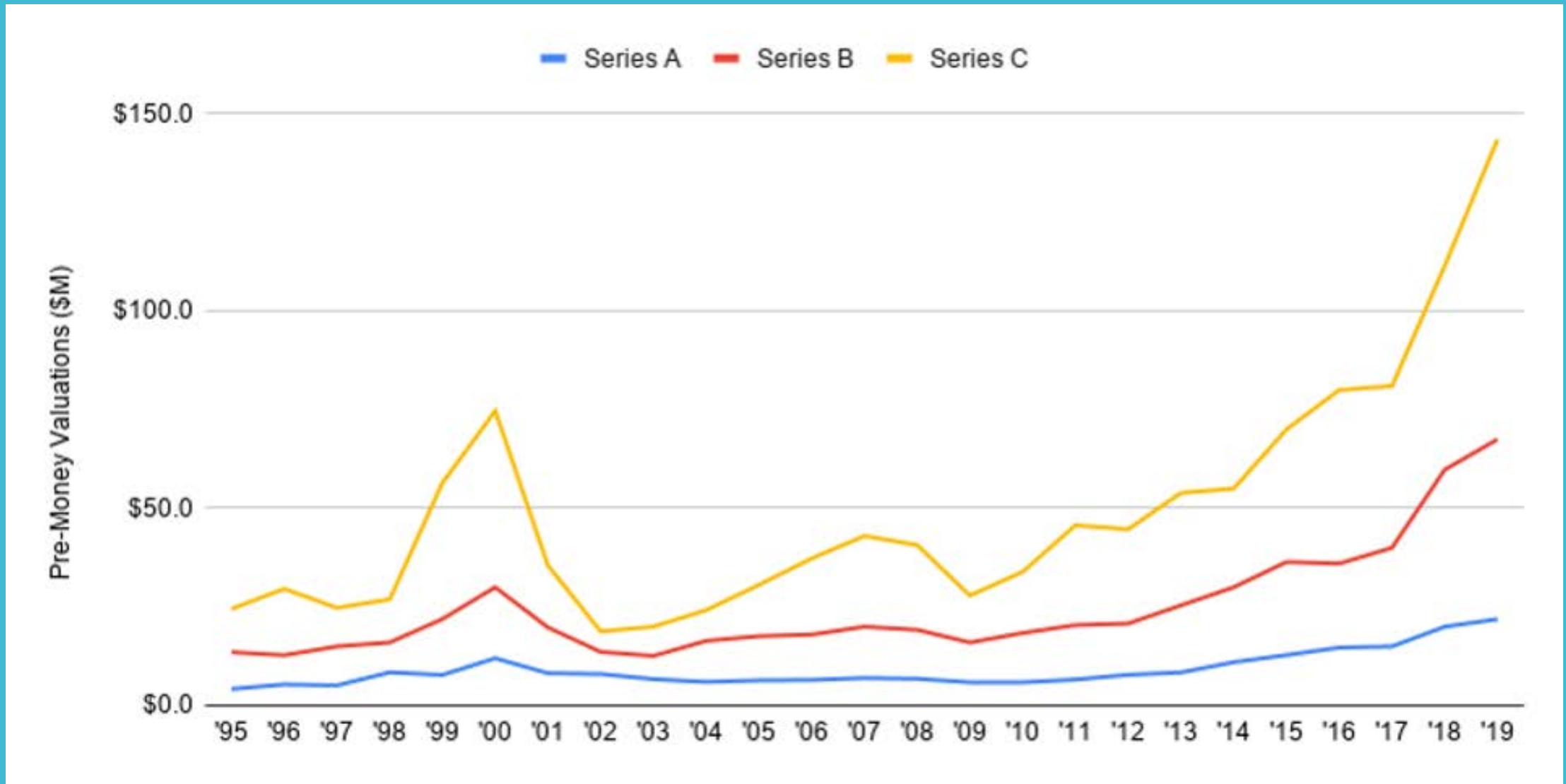
Investors see downturns as an opportunity to get on cap tables at low valuations.

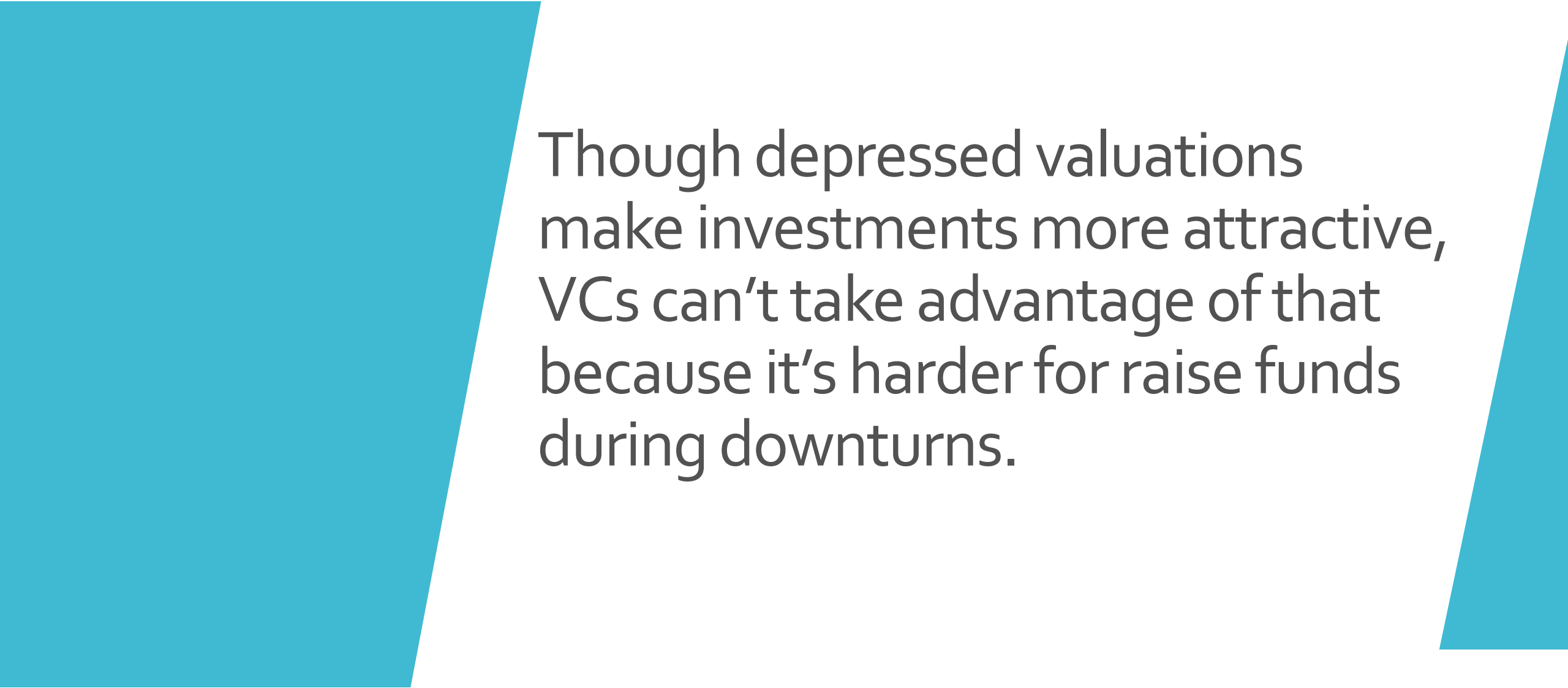


Uber


**GROUPON**<sup>®</sup>

# Valuations dropped as much as 66% during downturns

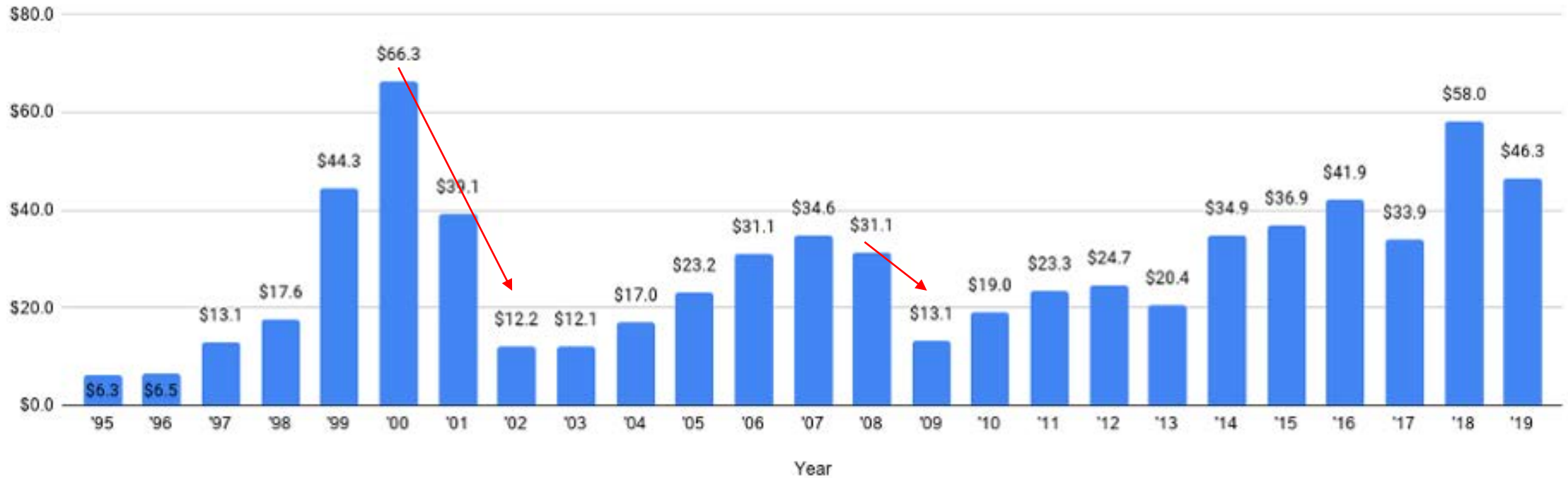




Though depressed valuations make investments more attractive, VCs can't take advantage of that because it's harder for raise funds during downturns.

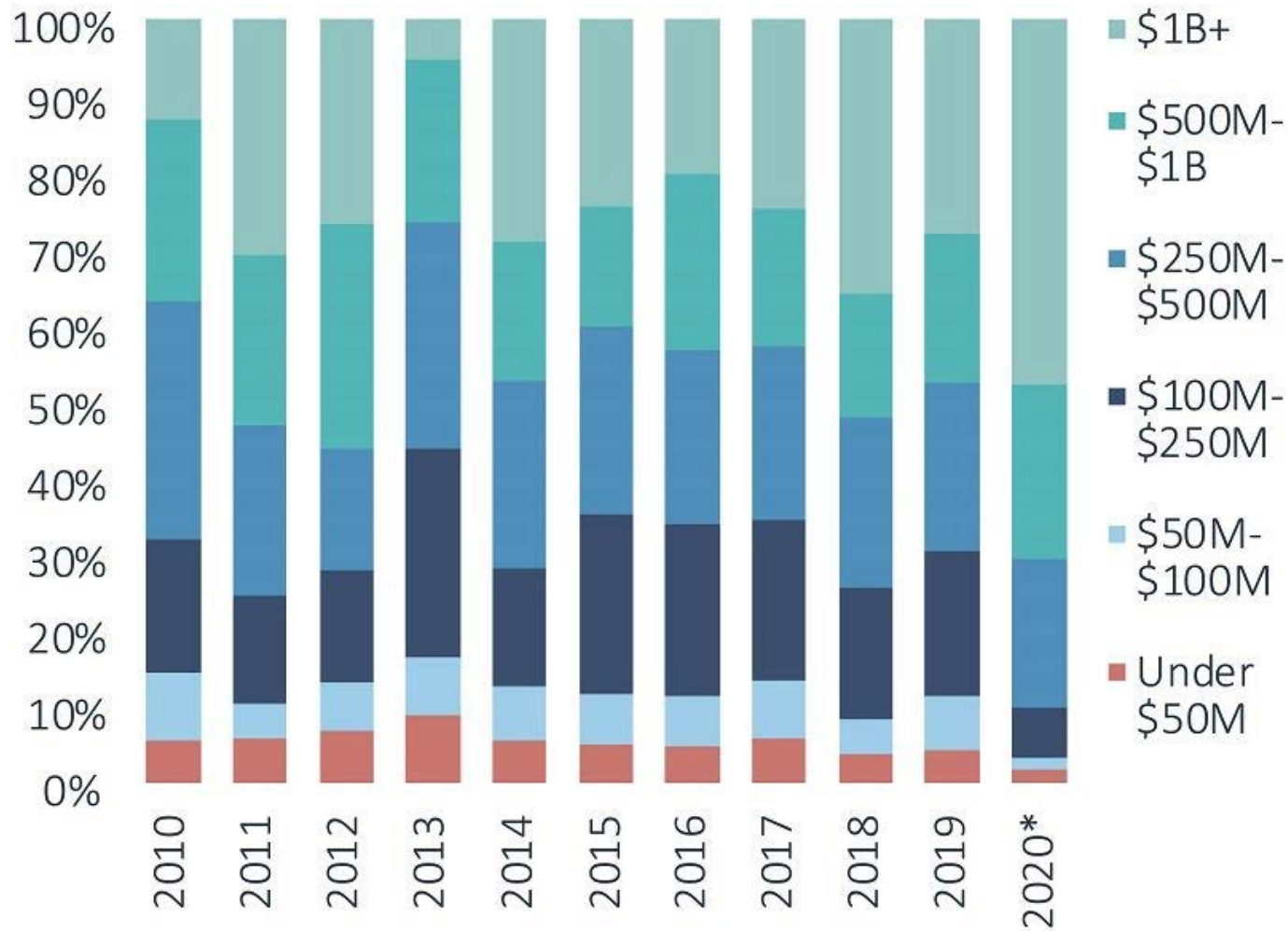


LP commitments dropped  
41% from 2000 to 2001, and  
58% from 2008 to 2009.



Far less capital is raised during economic slumps





Source: PitchBook-NVCA Venture Monitor

\*As of March 31, 2020

Smaller funds  
have started  
seeing  
reduced  
commitments

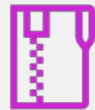
# Venture Considerations



Growth in new industries



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Thank you!