



Stanford eCorner

VC Industry: An Ecosystem

Brook Byers, *Kleiner Perkins Caufield & Byers*

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Video URL: <http://ecorner.stanford.edu/videos/1302/VC-Industry-An-Ecosystem>

Brook Byers, partner at KPCB, talks about the diversity of the VC industry and uses a biological metaphor to compare the industry to an ecosystem.



Transcript

...of the ecosystem is good news for entrepreneurs and the reason I say that is that the profession of venture capital has grown over the past four years, it's only about 40 years old, and to a highly diverse set for a couple of reasons. One is as I'll get into it, it's idiosyncratic by the individual person who's in it and then also by the firm that that person -- that the individual is in. And it's also different by the type of investors it has. For example, if a venture capital firm has corporate investors in it, partial or all the way, then it's going to have a certain attitude about what it's after and what it -- the kind of interest it wants to find, the kind of role it wants to play. If the investors in the venture capital firm are mostly financial and industrials like endowments, foundations, pension funds, it's going to be more free-form. And there are in the United States about 500 professional venture capital firms and on average, about five partners or six partners in it. So you've got a couple of thousands venture capital individuals. And I want to start with that because when you read the San Jose Mercury, the San Francisco Chronicle, the Wall Street Journal any or books and so on like that, they tend to focus on an individual or a personality in it, they tend to write the articles that way but that's misleading because it doesn't give you a view into the diversity of what I'm talking about. And it's important to understand that because what you want to do is connect with a person who has the same interest you have. And we'll come back to how to do that.