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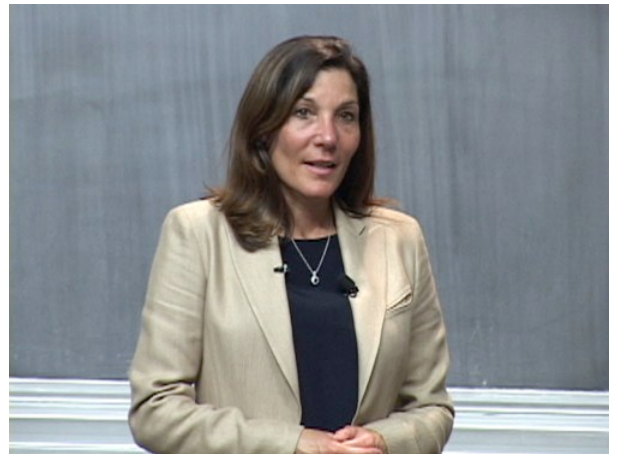
Trends in Venture Capital Interest

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In 2007, \$30 billion was invested in new business, with the majority of it in California and focused on green technologies. KPCB partner Beth Seidenberg gives her take on the pulse of current venture capital areas of exploration. Highlights include third-party applications for the iPhone, life sciences and medical innovations, pandemic preparedness and biodefense, and global initiatives.



Transcript

Let's just jump back up to 30,000 feet for a minute and talk about what's happening in the venture capital field. I'll talk about some areas of interest, and then we'll stop and let me address some of the questions because you had some great questions that will be interesting to talk about. This is a 2007 data looking at the mix of money that venture capitalists invested. A lot of money, almost \$30 billion were invested last year. You can see the mix. Green tech is growing a lot. Geographical mix, this was what we were talking about ecosystem. It's really straightforward. Most of this is going on in California, and then the next big state is Massachusetts. These are the set of initiatives that we work at Kleiner Perkins, and as I mentioned to you, we don't go lab crawling mindlessly without knowing what we're doing.

We have a set of ideas and things that we're interested in in the various sectors. I don't have to go through all of this. Things to highlight: The iPhone came out, a big phenomenon, huge application opportunity for our information technology group. We have a strategic relationship with Apple that, basically, we're taking \$100 million and we're putting it towards new applications for the iPhone. We've received over 3,000 business plans, and that was announced at the beginning of the year. So it just gives you a sense for, again, you got to pick the spots. A number of my partners, John Doerr and Brook Byers and Ray Lane and others, I don't quite know how they do it, but they can predict the future in a way that I've never seen before. Green tech, I'll show you a slide on that in a moment. Life sciences, medical devices, therapeutics, personalized medicine. Molecular diagnostics is an area that Brook Byers actually started.

He really thought about where is medicine going, what is needed to give better medical care. Somebody asked about costs. How do we get healthcare costs down? Right drug or the right therapy to the right patient at the right time. That is one clear way we're going to do it. We can't continue to have medicines that work in 30% of the population that receives them, and that's literally what some of these drugs do, and then everybody else is getting it but we're spending a fortune. Or spend 90% of our dollars in the last 10 years of life. We've got to start moving medicine back and earlier into preventive care being able to predict and diagnose what patients are at risk for. That's a key area. Pandemic preparedness and biodefense. Two years ago, we raised a special fund; \$200 million that is dedicated to technology and opportunities for emerging infectious diseases.

Why is that important? A couple of years ago, there was a huge threat. Everyday, you read in the paper about bird flu or pandemic influenza. That triggered us to look at a space and look at this area and basically say, "Well, is this going to be a problem and can innovation help?" We were amazed at the huge innovation gaps that we found. So we pulled together our resources. We got our limited partners to invest \$200 million, and we've now invested in 10 companies, and we think we're

making a big impact in preparing the nation for the next big emerging infectious disease. Then, we have a global initiative in China and India. Green tech, you all asked about it. One of the things that is happening here is so obvious. It's frightening to listen to the news; cyclones, major earthquakes, tornadoes. Global warming is here.

It's not coming. It's here. There are huge market needs and dynamics that are driving this market. The solar market, compound annual growth rate is over 46%. There is enormous need in wind and new battery technology, new cars. You name it. We need to get ahead of it. You know about the oil prices. John Doerr and Ray Lane started this seven years ago. Kleiner has been working on this for seven years because we anticipated it, saw it coming.

When you have a \$6 trillion market, it's something you should pay attention to. We've made over 40 investments. The number is probably closer to 50 or 60 now. We have a huge commitment to this area, a focused effort. We now have a focused fund for green growth which are enterprises that are focused. They're later-stage enterprises, not startup in green technology. It's really an important area for us.