

## Dow Jones Private Equity Analyst



2008 Review & 2009 Outlook

### ● In Their Own Words **Venture**



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**What are your feelings on the year that has just passed?** It's the

biggest financial adjustment of my lifetime and I've been in the business for 33 years. This is the most traumatic year I've seen. It was so broad in its impact. At the same time we all had a sense that something was going to need to change. There were tremendous excesses in the market.

**Do you think the industry was prepared for what happened in 2008?** I don't think

anybody was prepared for this in a comprehensive way. But when leverage was readily available, largely people in venture capital did not take advantage of it and that was a lesson from the last bubble. What we didn't anticipate was just how severe this would be. I don't know that we in the venture capital business are going to look like heroes, but I think at the end of the day we are going to be one of the financial segments that looks like it was reasonably disciplined.

**What is the fund-raising outlook for 2009?**

One would rather raise money in a better environment. I don't think it's a year when new groups are going to raise funds. But the better performing firms will be able to raise new funds if they need them.

**What is the dealmaking and exit outlook for 2009?** On the deal side there's a great aspect

and a cautious one. The great aspect is there will be much more attractive valuations on companies. At the same time we don't know how long this financial crisis is going to last so I don't think anybody wants to rush out and invest too quickly in this environment. For the exits we're just assuming that there aren't going to be any. We're letting any exits be a positive surprise.

**When do you think the economic environment will begin to brighten?** I don't think it's going to be until late in 2009. It would be naïve to think there won't be any more surprises, but hopefully there won't be too many more.

**What one thing are you most excited about?** The chance to invest in some really premier companies over the next year that we might not have been able to enter because they were going to go public or were too highly valued for our metrics.