

URL: <https://stvp.stanford.edu/blog/videos/trends-in-seed-and-series-a-investing>

Winblad explains that very few Series A investments were done in 2002. However, a lot more were done in 2003 and will be done in 2004, she says. The reasons for the decline since 2000 include: restart dollars were competing with the A round dollars; corporate investors disappeared (except Intel); and individual investing declined. Additionally, during this era, VCs were doing deals individually, creating twice as many A round deals and putting only one person on the board. Now, A round deals are syndicated to provide more coaching, she adds.



## Transcript

So one of the things people ask is well, who's doing these A round investments? Let's get real here.. In 2002, last year was 2003 so the year before, in Silicon Valley if you went on venture stores, there were only less than 30 true A round investments done, less than 30.. Boy, that's a small number.. There were a lot more done in 2003 and there'll be a lot more done this year.. Why was that? A lot of venture guys were still doing restarts and the restart dollars were competing with the A round dollars.. Secondly, there used to be this group of investors called corporate investors.. In 2000, there were \$6 billion invested by corporate investors.. Last year, there were \$211 million.. They shouldn't have been there at the early rounds or they shouldn't have been there at all and believe me, they're not coming back.. That doesn't include Intel..

It has been a very stable investor year and actually was the most prolific investor in 2002 across all categories.. Individual investors, all these people who said gee, I'll just throw money at startups.. In 2000, they invested \$2.4 billion.. In 2003, \$84 million.. So we had \$8.4 billion that's just gone.. It's not coming back and it was mostly aimed at early stage companies and it did not work well.. They were not committed coaching staffs.. They weren't there helping you recruit your management team.. They weren't there helping you close customers.. They weren't there helping you deliver your business model..

All they gave you was money.. The other things that's happening is VCs in this stupid era were actually doing deals by themselves so you had twice as many A round deals and you only had one person on your board.. That person probably was on other boards so if they had a conflict that day, you were alone.. That's not happening anymore.. Almost all the A round deals are being syndicated.. We've syndicated all of ours so there's at least two of us in the A round so we have plenty of coaching bench around those companies.. If you're doing A round deal, do not take just one venture capitalist or you will repeat all the mistakes of the boom-bust era...