

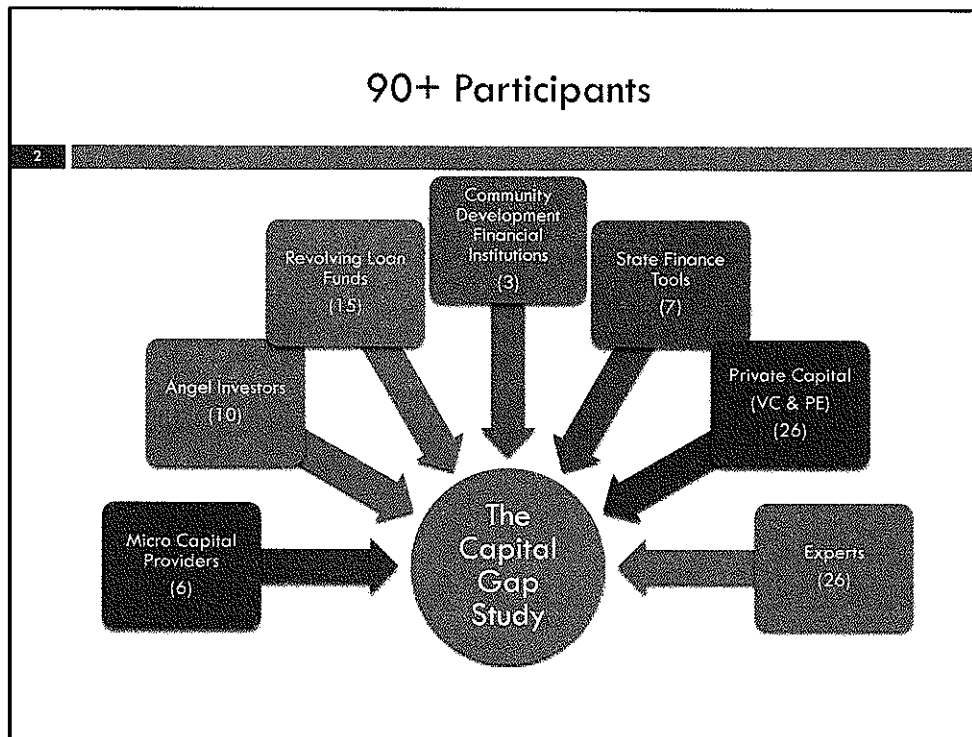
AN OREGON CAPITAL SCAN:
"IT TAKES AN ECOSYSTEM"

THE OREGON COMMUNITY FOUNDATION
OREGON'S OFFICE OF THE TREASURER
THE MEYER MEMORIAL TRUST
CTC CONSULTING

1.6.12

Prepared By: Niels Zellers, Confluence Capital

- Good Morning.
- I've nearly completed a study of Oregon's Capital Ecosystem and will share a few of my findings with you



Scope: To assess and describe gaps in the Oregon capital ecosystem

How:

- I've spoken with over 90 experts and practitioners all over the state and I've learned a great deal.

What Data:

- Assets under management, Transaction sizes, Geographic scope
- Thoughts of experts

Findings

3

- Multiple gaps exist in Oregon's capital ecosystem
- Capital ecosystem is complex and fluid
- Human capital plays a key role across the capital ecosystem
- Opportunities exist, but coordination & collaboration is important

- **There are a number of gaps**
- Multiple Gaps Exist

- **Other dynamics that will help inform design of solutions**
- Capital ecosystem is complex and fluid

- The quality of human capital plays a key role across the capital ecosystem

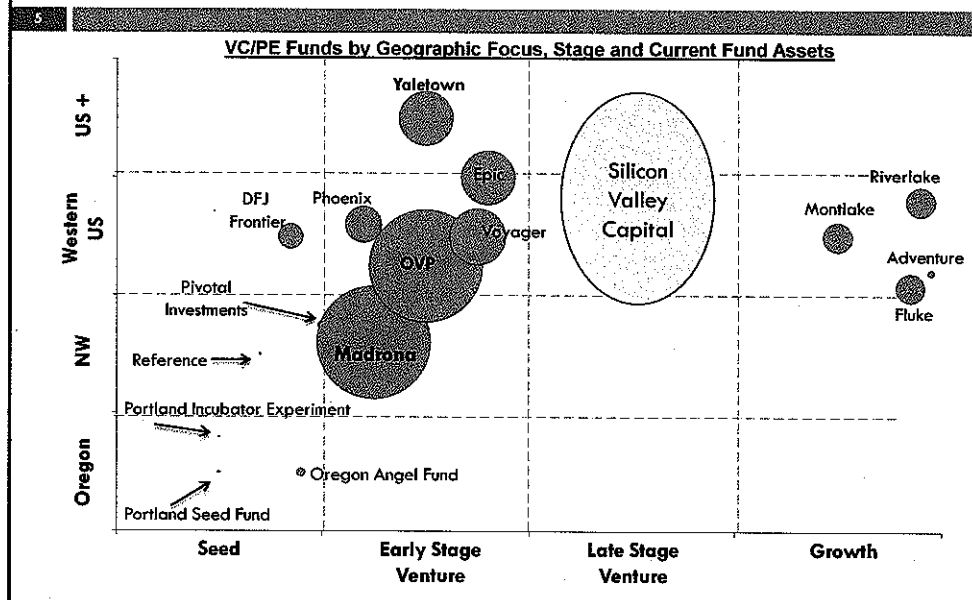
- There are opportunities to improve the capital ecosystem, but it requires a hands on, collaborative effort

Multiple "Capital Gaps" Exist

4

- **Seed Stage** capital across sectors (with the exception of software), for companies with capital needs of a \$100K - \$500K
- **Life Sciences** has a paucity of capital across stages
- **Clean Technology / Sustainability** lacks sufficient capital across stages and what capital is present is uncertain to exist in the future
- **Growth Capital** is under supplied for small, private, largely bootstrapped companies with profit of \$0.5M – \$3M
- **Small Manufacturers** are limited by a lack of working capital (\$150K+ lines of credit)
- **"Formerly Banked"** businesses that have had their lines of credit withdrawn and no longer qualify for bank loans
- **Micro loan** capital is sparse in Oregon, especially outside of Portland

There are a Number of Providers Clustered in Early Stage Capital, Leaving Gaps in Seed Stage and the Early Side of the Growth Stage

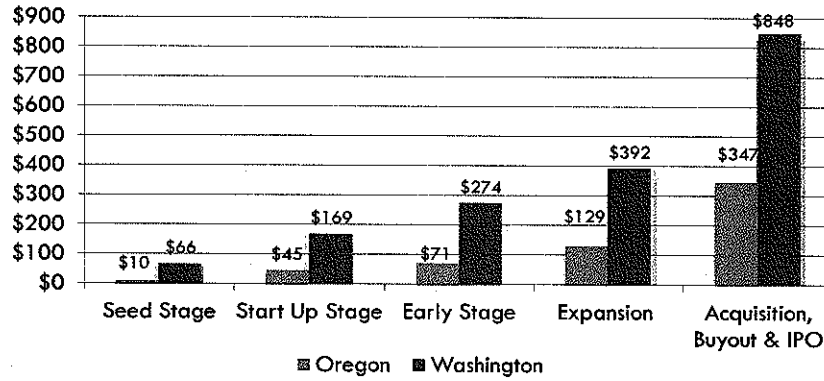


- Most of the funds surveyed in the study, are also the funds that OGA has invested in.
- **Click** - Later stage venture capital tends to come in from Silicon Valley
 - These firms were not surveyed due to scope, but most "local" providers noted that once businesses reach a certain visibility or quality, Silicon Valley Capital will come into the state.
- **Click** - These also reserve capital for follow-on investment in Later Stage Venture.
- **Click** - Many of the VCs in the Early Stage bucket will invest at a seed level in cities where they have an office, meaning that few do seed investments
- Endeavour is in the Buyout Stage, which is off the graph to the right
- **Seed Stage Capital**
 - Bit of a gap between PSF and Oregon Angel Fund from an organized capital stand point (\$25K to \$500K+)
 - Angel Standpoint – we don't have many super angels that would place in the \$250-\$500K range
 - DFJ is one of the few that will make "seed" investments in Portland, but isn't really HQ here – b/c of Eric Rosenfeld

Over the Last Decade Oregon Companies Have Seen Over \$2.1B of Private Capital Investment, But Has Lagged Washington on a per Capita Basis, Particularly in the Earliest Stages

6

\$M/Capita of Private Capital Invested in Oregon & Washington Businesses (2001 to June 2011)



Source: Cambridge Associates; and U.S. Census 2000 & 2010

Note: Excludes debt, bridge financing, and restart/turnaround capital. Note: Source Data is Copyrighted by Cambridge Associates LLC, used here by permission

- The story is the same when you look at this data by sector