

DCU study finds that venture capital backed companies created over 1,600 jobs a year since 2003

- 20,000 high calibre jobs created since 2003 with an additional 60,000 indirect jobs
- VC backed firms grow faster, with more jobs, higher exports and greater R&D than other SMEs
- High tech companies account for 98% of funds raised which is highest weighting in Europe and more equivalent to Silicon Valley

Dublin, 31st August, 2016: Venture capital backed firms created 20,000 high level jobs since 2003, adding 3,672 jobs between 2013 and 2015, according to an economic impact study* by DCU Business School launched in Dublin tonight (Wednesday). The report estimates that VC backed companies support up to three additional indirect downstream jobs or a further 60,000.

The DCU study finds that venture capital backed companies increased employment by 19.7% in 2015 and by 14.4% per annum in the three year period 2013 to 2015. This compares to an overall increase in employment in the economy of 3.4% in 2015 and 2.8% per annum 2013-2015.

Welcoming the report, Mary Mitchell O'Connor TD, Minister of Jobs, Enterprise & Innovation said, "The fact that this growth was achieved even during the last five years amid one of the toughest recessions in history emphasises the important role of venture capital backed companies to the economy.

"The study confirms that Government investment through Enterprise Ireland at the early stage and later expansion funds through the Irish Strategic Investment Fund (ISIF) has a multiplier impact."

The Minister added that access to finance in all forms remains an issue for Irish business on which the Government will continue to focus.

Author of the report, Dr Eric Clinton of DCU Business School added, "We found that VC backed companies grow faster, create more jobs, exports and invest more in R&D than other SMEs."

He added, “VC backed firms are an important constituent in helping to build a knowledge economy. We found that high tech companies account for 98% of funds raised which is the highest technology weighting in Europe and more equivalent to Silicon Valley.”

Between 2013 and 2015, Irish SMEs have raised €1.2 billion in venture funding. Michael Murphy, chairman, Irish Venture Capital Association said, “The level of venture capital investment and the added value that it brings has been due to the well capitalised Irish venture capital infrastructure which has been developed over many years. This has enabled Irish VCs to nurture quality companies from start-up through early and expansion stages of development and to attract overseas investment.”

Reflecting the high calibre nature of the jobs, the report finds that graduates represent 71% of employment in VC backed firms.

The average annual growth rate in revenues since 2012 was 29.4% with over 80% of this generated through exports. In the three year period to 2015 VC backed companies generated exports of €1.5 billion, at a rate of 25% growth per annum.

VC backed high technology companies have increased R&D by 21% per annum in this three year period and in 2015 represented 34% of all Irish SMEs share of total spend on BERD (Business Expenditure on Research and Development).

Expenditure on sales and marketing has increased by 23.6% annually over the same time period.

Regina Breheny, director general of the IVCA added, “An active local venture capital market plays an important role in leveraging the success of the Government support for the IDA in attracting FDI (Foreign Direct Investment). These organisations are often breeding grounds for the entrepreneurs of tomorrow and regularly spin out new ideas and companies from existing operations with venture capital support.”

She added, “The DCU report also confirms that VC investment helps to commercialise Government investment in third level research, Science Foundation Ireland Centres for Science, Engineering & Technology (CSETs) and Strategic Research Clusters (SRCs). Approximately 75% of Irish university spin outs go on to

access venture capital and 66% of the SMEs collaborating within the CSETs and SRCs are venture backed.”

The report (“The Economic Impact of Venture Capital in Ireland 2013-2015”) may be downloaded from www.ivca.ie

”The Economic Impact of Venture Capital in Ireland 2013-2015” by DCU Business School, 2016.

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Study Methodology

This is the sixth in depth study of the economic impact of venture capital on the Irish economy. The study, conducted by the DCU Business School, gathered and analysed the following statistics for every company in the portfolios of IVCA members’ venture capital funds at the end of 2013, 2014 and 2015:
Revenues; Employment; Capital raised; Spend on research and development;
Graduate employment; Export performance; Spend on sales and marketing.

For every company supported by non-IVCA venture capital companies active in Ireland at the end of 2013, 2014 and 2015: Revenues; Employment; Capital raised.

The database was adjusted to reflect exits and new entrants during these years.