



GLOBAL VENTURE CAPITAL: ERNST & YOUNG REPORTS ON IMPORTANT TREND

"The convergence of globalization, Web 2.0, media and innovations in IT and life sciences are further indications that the venture capital industry is operating in a new environment" states a report issued by Ernst & Young that examines the rapidly occurring changes in this market, and the impact that these changes have had on investors.

Global venture investments were the "hotbeds" for venture capitalists last year, with China and India topping the list of global activity. The emerging markets there have created several waves of IPO's, venture-backed business startups, and planned investments by Intel, Cisco, and Microsoft.

With the \$4 billion in US funds that were invested in these markets last year, it would seem that global venture capital has saturated the market, but apparently it has only just begun. China and India lead the way, and are still in the early stages of market development for both the economies and consumer-oriented services.

In the areas of technology, these emerging global markets present tremendous opportunity and growth. The market potential, fast-growing economies and advantages in either cost of technology make these global venture investment opportunities extremely attractive to U.S. backed venture capital funding.

While much is being said about the opportunities that lie in these emerging global markets, venture capitalists must remain aware of the potential pitfalls. Some of the most important and difficult challenges that remain to be addressed are the regulations surrounding intellectual property, the lack of local NASDAQ-like exchanges for exit strategies, and the lack of a comprehensive venture capital law in many of these developing and emerging markets.

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