

Thursday, January 28, 2010, 11:22am PST

Silicon Valley VCs report 'modest uptick' in confidence

Silicon Valley / San Jose Business Journal

Silicon Valley venture capitalists are showing a "modest uptick" of confidence, according to a report issued Thursday.

The quarterly Silicon Valley Venture Capitalist Confidence Index for the fourth quarter of 2009, based on a January 2010 survey of 33 Bay Area venture capitalists, registered 3.48 on a 5 point scale (with 5 indicating high confidence and 1 indicating low confidence.)

This quarter's index reading rose from the previous quarter's reading of 3.37 and continues an upward trend in VC confidence in 2009 following a five-year low in confidence in Q4 2008.

Mark Cannice of the University of San Francisco wrote in the report that most responding venture capitalists "were satisfied that the macro economy has stabilized enough to allow for the resumption of a nearer to normal venture environment."

Deepak Kamra of Menlo Park-based **Canaan Partners** was quoted in the report as saying "Exuberant public markets and expected increases in tech spending by enterprises and consumers."

Jeb Miller of Palo Alto-based **Jafco Ventures** said, "We're seeing the availability of quality entrepreneurs and an improving exit environment combine to help reignite interest in building new companies around emerging opportunities in digital media, cloud computing, health IT and green IT."

The prevailing sentiment "is that of guarded but increasing optimism," Cannice wrote. "Concern over possible future hits to the macro economy and the limited supply of institutional finance available for venture funds has constrained the flow of investment capital to promising start-ups. However, the slow return of the exit market is bringing a sense of normalcy back to the venture business model with major acquisitions occurring alongside a growing IPO calendar."