

# INVESTMENT CASE STUDY

## SUBMISSION

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# Spark Funds –Investment Strategy



**Spark funds, an global asset management company, is looking for a strategic investment options based on global trends and business opportunities.**

## ***Business Objectives:***

- Identifying best sectors, countries and investment type for making investment.
- Extensive analysis of Investment type, sector and country needs to be done.

## ***Spark Funds Constraints:***

- 5 to 15 million USD will be investment per round.
- As per their strategy , They will be doing investment only in English speaking countries for ease of communication.

## ***Spark Funds Strategy***

- Spark Funds wants to invest where most **other investors are investing**

# Problem Statement

- Understand the investment type venture, seed, angel, and private equity .Identify the best suited for Spark Funds investment strategy.
- Identify which countries had most investments in the past. As Spark Funds like to invest where others are investing more.
- Analyse the best sectors among eight main sectors to help Spark Funds to make decision for investing.

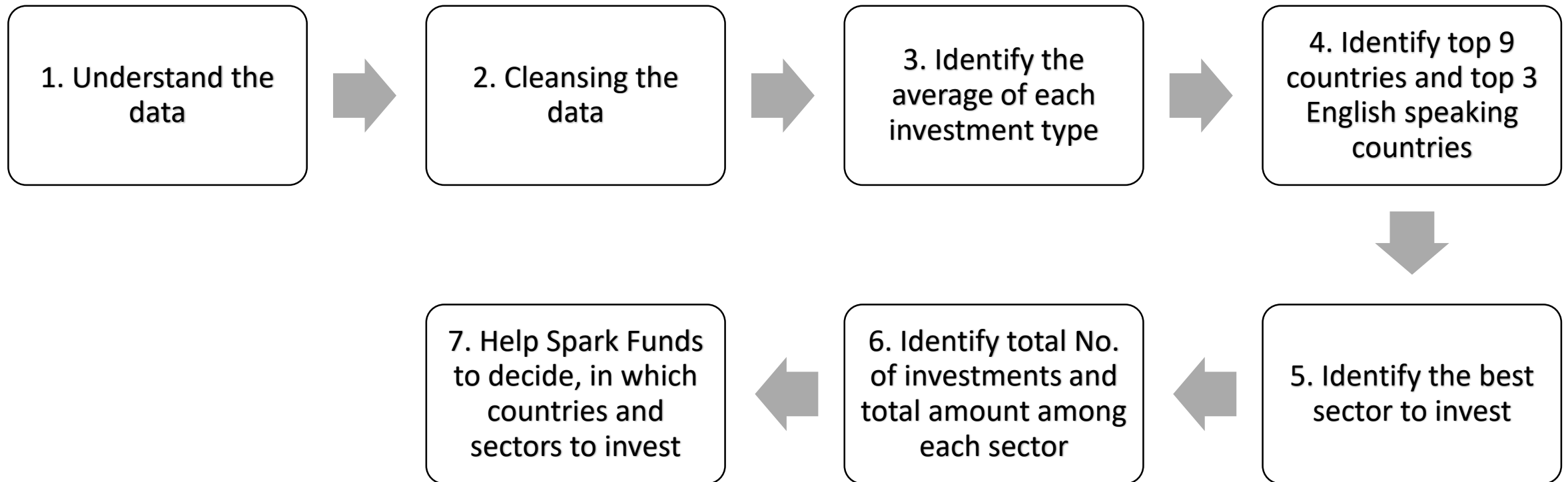


# About the Data



- We are analyzing data for 66,368 Companies which are situated across 137 countries.
- We have data for 55 years ( 1960 – 2015 )
- We are mainly focusing on 4 funding types: Angel, Seed, Private Equity & Venture.
- Our focus would be on 8 main sectors which are:
  - "Automotive Sports"
  - "Cleantech Semiconductors"
  - "Entertainment"
  - "Health"
  - "Manufacturing"
  - "News Search and Messaging"
  - "Others"
  - "Social Finance Analytics Advertising"

# Approach to solve the problem



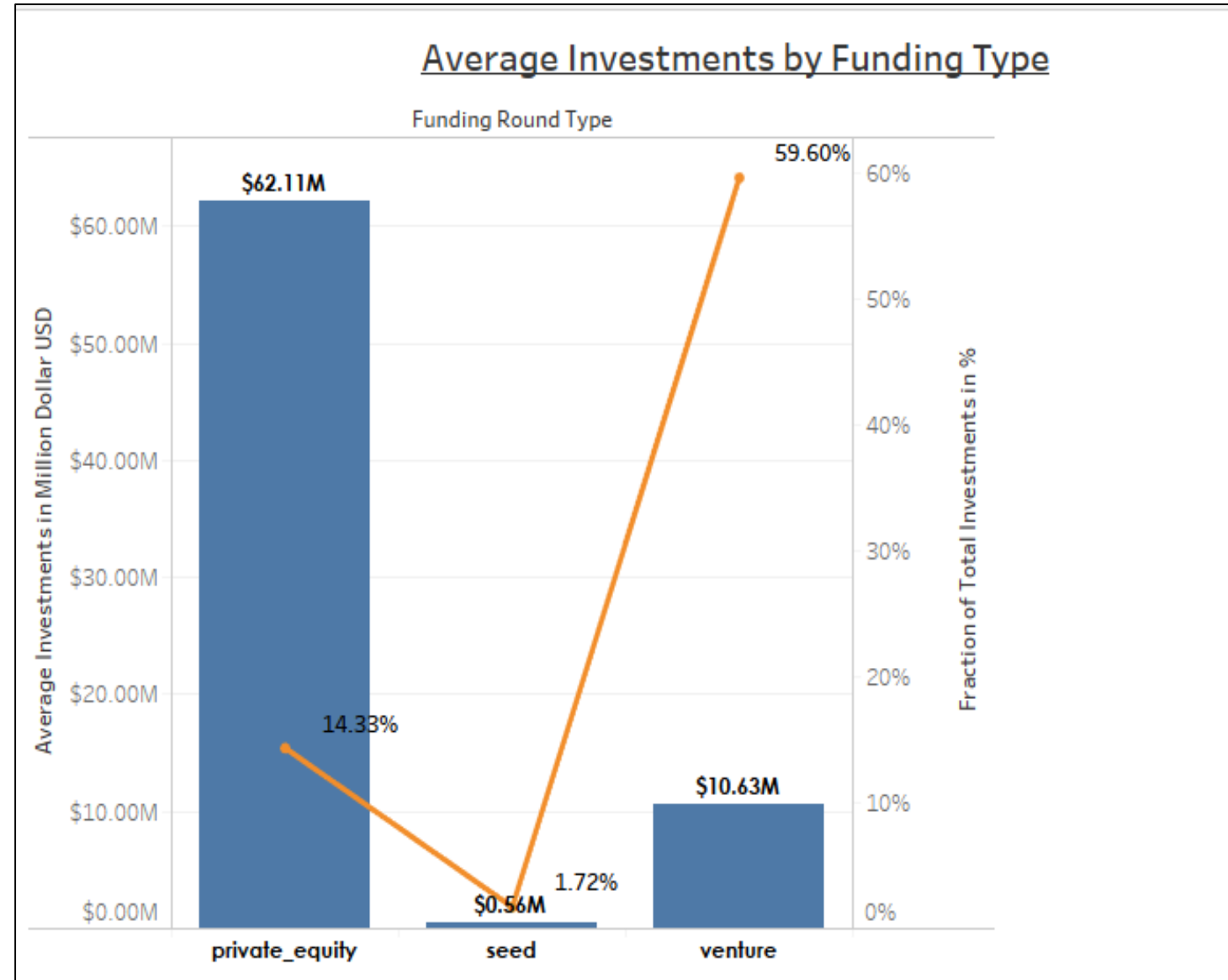
Sector-wise Investment Analysis				
Sl.no	Questions	USA	GBR	IND
1	Total number of Investments (count)	12150	628	330
2	Total amount of investment (USD)	\$108531347515	\$5436843539	\$2976543602
3	Top Sector name (no. of investment-wise)	Others	Others	Others
4	Second Sector name (no. of investment-wise)	Social..Finance..Analytics..Advertising	Social..Finance..Analytics..Advertising	Social..Finance..Analytics..Advertising
5	Third Sector name (no. of investment-wise)	Cleantech...Semiconductors	Cleantech...Semiconductors	News..Search.and.Messaging
6	Number of investments in top sector (3)	2950	147	110
7	Number of investments in second sector (4)	2714	133	60
8	Number of investments in third sector (5)	2350	130	52
9	For point 3 (top sector count-wise), which company received the highest investment?	Virtustream	Electric Cloud	FirstCry.com
10	For point 4 (second best sector count-wise), which company received the highest investment?	SST Inc. (Formerly ShotSpotter)	Celltick Technologies	Manthan Systems

Average Values of Investments for Each of these Funding Types		
Sl.No	Questions	Answer
1	Average funding amount of venture type	\$1,06,34,054
2	Average funding amount of angel type	\$7,64,564
3	Average funding amount of seed type	\$5,56,607
4	Average funding amount of private equity type	\$6,21,11,788
5	Considering that Spark Funds wants to invest between <b>5 to 15 million USD</b> per investment round, which investment type is the most suitable for them?	venture

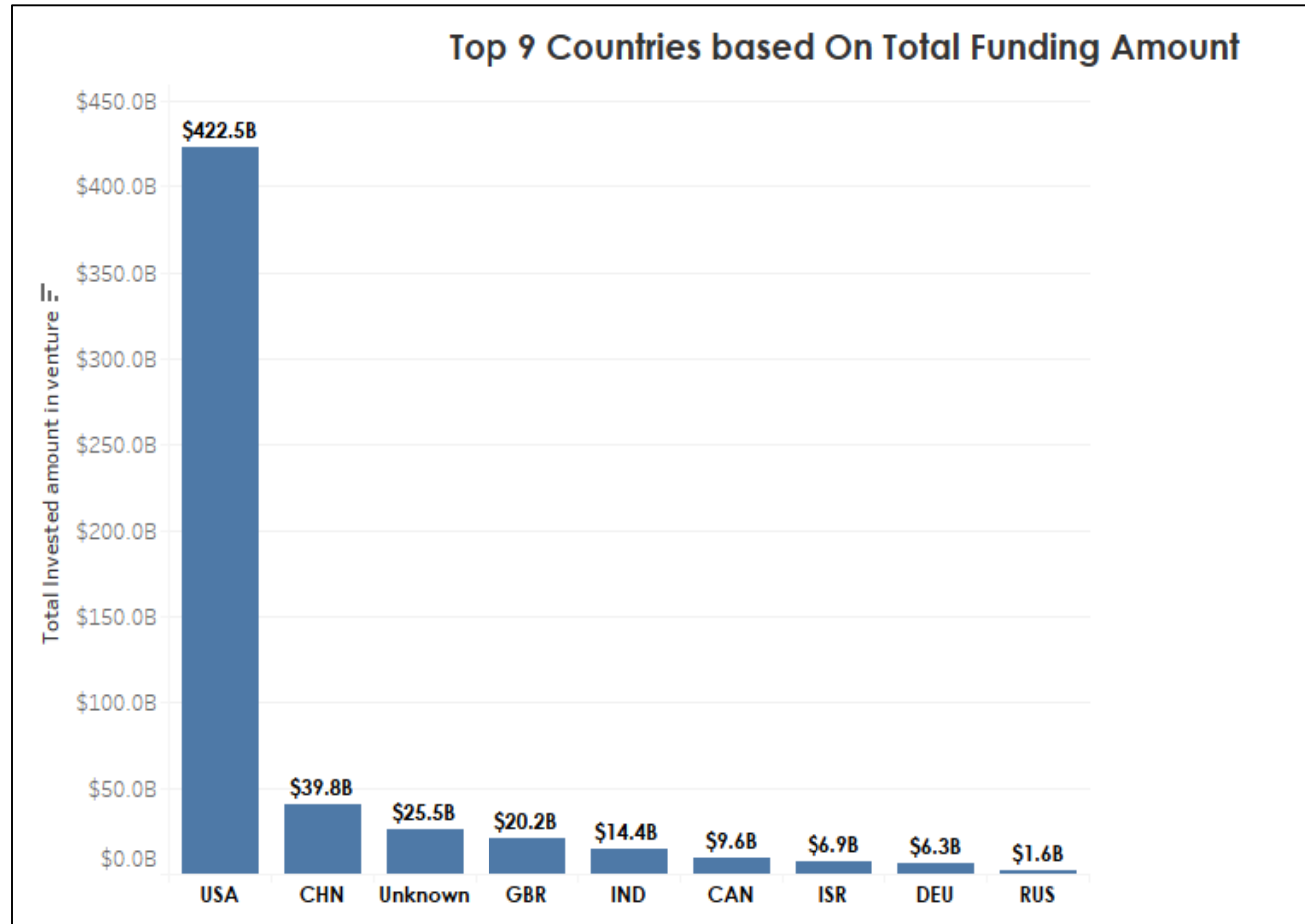
Analysing the Top 3 English-Speaking Countries		
Sl.No	Questions	Answers
1	Top English speaking country	USA (United States)
2	Second English speaking country	GBR (Great Britain)
3	Third English speaking country	IND (India)

*Note: We didn't exclude 'Others' from our analysis since in the problem statement it has been mentioned that 'Others' is one of the eight main sectors.*

- Venture's fraction out of total investments is 59.60%.
  - Fund type 'Venture' has average investment amount = \$ 10.63 M USD which is between \$5M to \$15M USD range
- ✓ Therefore, "Venture" is the most suitable funding type between \$5M to \$15M USD range.



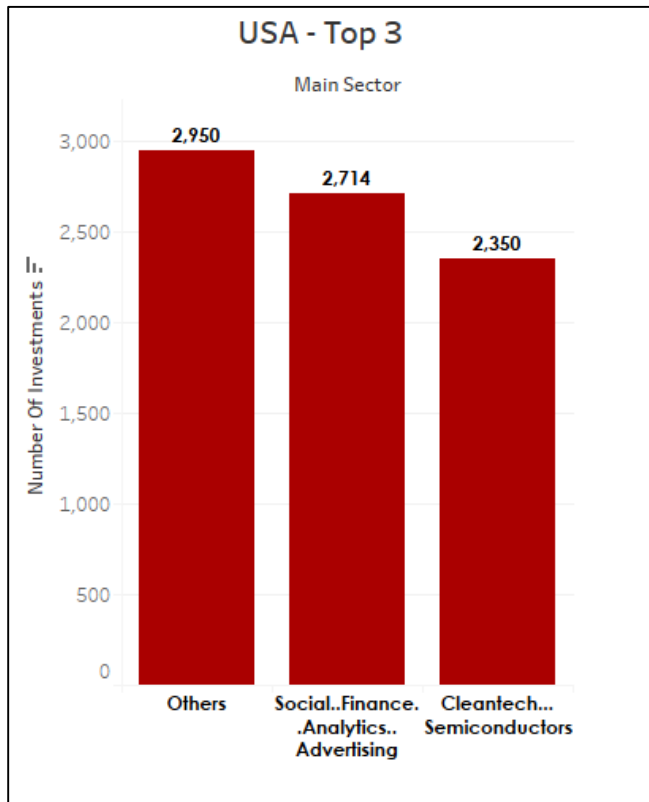
# Total amount of investments among top 9 countries



- Since,
  - ✓ China is a non English speaking country.
  - ✓ And we don't have any information regarding 'Unknown' country code
- **USA is the top country having the highest investment total.**
- **GBR (Great Britain) comes second**
- **And India appears as third in the sequence.**

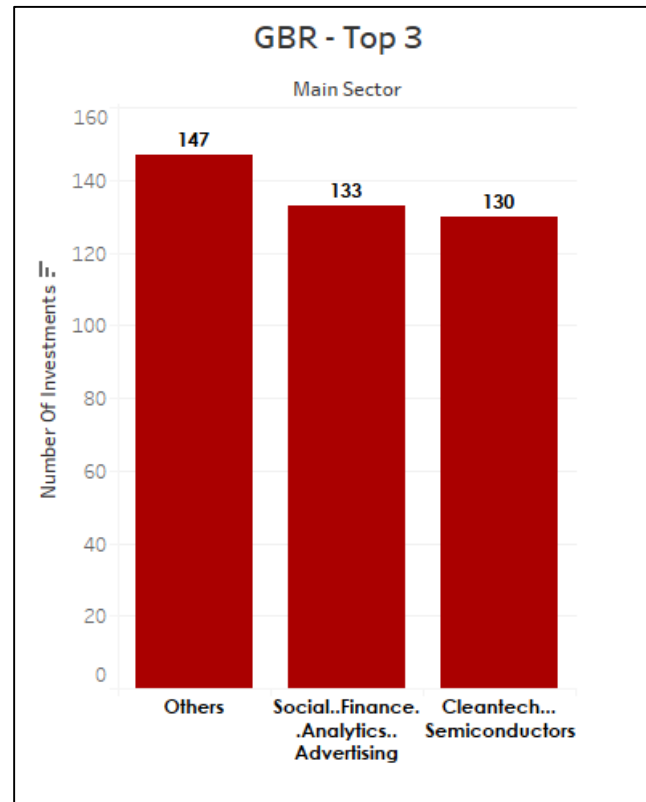


# Number of Investments in top 3 sectors among top 3 countries



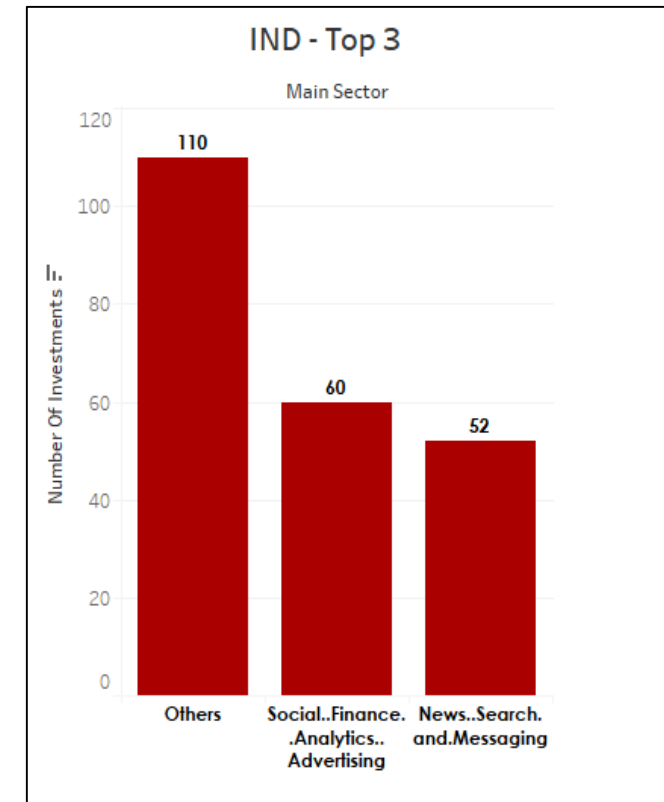
## ❖ Top 3 sectors in USA:

1. Others
2. Social Finance Analytics Advertising
3. Cleantech Semiconductors



## ❖ Top 3 sectors in GBR:

1. Others
2. Social Finance Analytics Advertising
3. Cleantech Semiconductors



## ❖ Top 3 sectors in IND:

1. Others
2. Social Finance Analytics Advertising
3. News Search and Messaging

**\*\* We didn't exclude 'Others' from our analysis since in the problem statement it has been mentioned that 'Others' is one of the eight main sectors.**

## Conclusion

Based on analysis, below are the investment recommendations for Spark Funds

Analysis	Recommendations
<b>Funding type analysis</b>	Venture is the most suitable investment Funding Type
<b>Country analysis</b>	United States, Great Britain and India , are the preferred Countries for investments
<b>Sector Analysis</b>	<p>Top 3 Sectors (For USA)</p> <ol style="list-style-type: none"> <li>1. Others</li> <li>2. Social Finance Analytics Advertising</li> <li>3. Cleantech Semiconductors</li> </ol> <p>Top 3 Sectors (For GBR)</p> <ol style="list-style-type: none"> <li>1. Others</li> <li>2. Social Finance Analytics Advertising</li> <li>3. Cleantech Semiconductors</li> </ol> <p>Top 3 Sectors (For IND)</p> <ol style="list-style-type: none"> <li>1. Others</li> <li>2. Social Finance Analytics Advertising</li> <li>3. News Search and Messaging</li> </ol>