

INVESTMENT CASE STUDY

SUBMISSION

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Abstract

Our company Spark Funds is an asset management company wants to make investments in a few companies for which we want to understand the global trends in investments so that the investment decisions can be taken effectively. The company's goal is to provide investors with more diversification and investing options than they would have by themselves.

The company has recently received funds from various investors/clients and they are looking for good companies where these funds can be invested.

➤ **Three Constraints to be kept in mind :**

- ✓ Investment has to be between 5 to 15 million USD per round of investment.
- ✓ Investment only in English-speaking countries ; because of the ease of communication with the companies it would invest in.
- ✓ The List of the companies it is investing in.

➤ **Strategy to be followed :**

- ✓ Invest where most other investors are investing. This pattern is often observed among early stage start up investors.

➤ **How to achieve this strategy :**

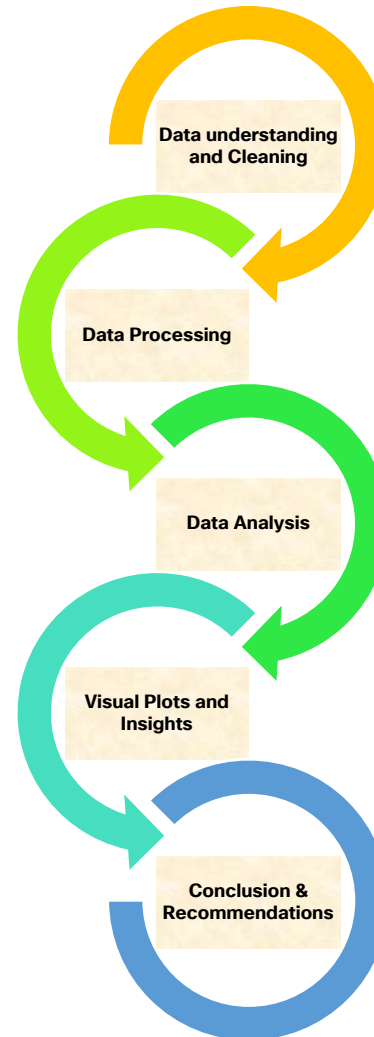
- ✓ Identify the best sectors, countries, and a suitable investment type for making investments.
- ✓ The overall strategy is to invest where others are investing, implying that the best sectors and countries are the ones where most investments are happening.

This presentation will delve further into the above problems and their subsequent analysis along with the approach that went into solving these issues.

Problem solving methodology

- **Understanding the datasets** - Details of 66368 companies and their funding rounds was available.
- **Cleaning the data**- NAs in invested amount were excluded for key metric calculations, considered only 8 main sectors.
- Python was used for data preprocessing.

- **Plot 1** : Investment vs. Fund Type Analysis
- **Plot 2** : Top 9 Countries Investment Analysis
- **Plot 3** : Analysis of Investments in Top 3 Sectors of Top 3 Countries
- Tableau was used for creating plots.



- **Specifying the objective**- Identify the best sectors, countries, and a suitable investment type for making investments.
- **Data**
 - ☐ Information about companies .
 - ☐ Details of funding rounds.
- **Investment Type Analysis** : Investment trend in ventures, seed, angel, private equity categories.
- **Country Analysis** : Top three English-speaking countries which had maximum investments in past.
- **Sector Analysis** : Distribution of investment across eight main sectors
- Strategy for making fund investments in countries across the globe (English -Speaking countries).
- Recommendations for making investments in best sectors to get the maximum returns.

Identifying the Right Investment Type

Problem Statement

- ❖ Understanding investments made across various investment types.
- ❖ Identify the most suitable Investment type .

Criteria

- ❖ Investment type having highest average value of funding amount lying between 5 to 15 million USD.

Assumption

- ❖ companies, for which the investment amount was missing, were ignored during analysis.

Conclusion

- ❖ Best suited Investment type: “Venture”.

Top 3 countries for chosen investment type

Problem Statement

- ❖ Identify total investments made across various countries for Investment Type: Venture
- ❖ Identify top 9 countries with highest investments

Criteria

- ❖ Investments should be made in English-speaking countries

Conclusion

- ❖ Top 3 countries for with highest investment in Venture investment type 1.USA 2. Great Britain 3. India

Sector Analysis

Problem Statement

- ❖ Identify the primary sector for the company
- ❖ Find top 3 sectors in each of the 3 countries where maximum investments are made for the “Venture” investment type.

Criteria

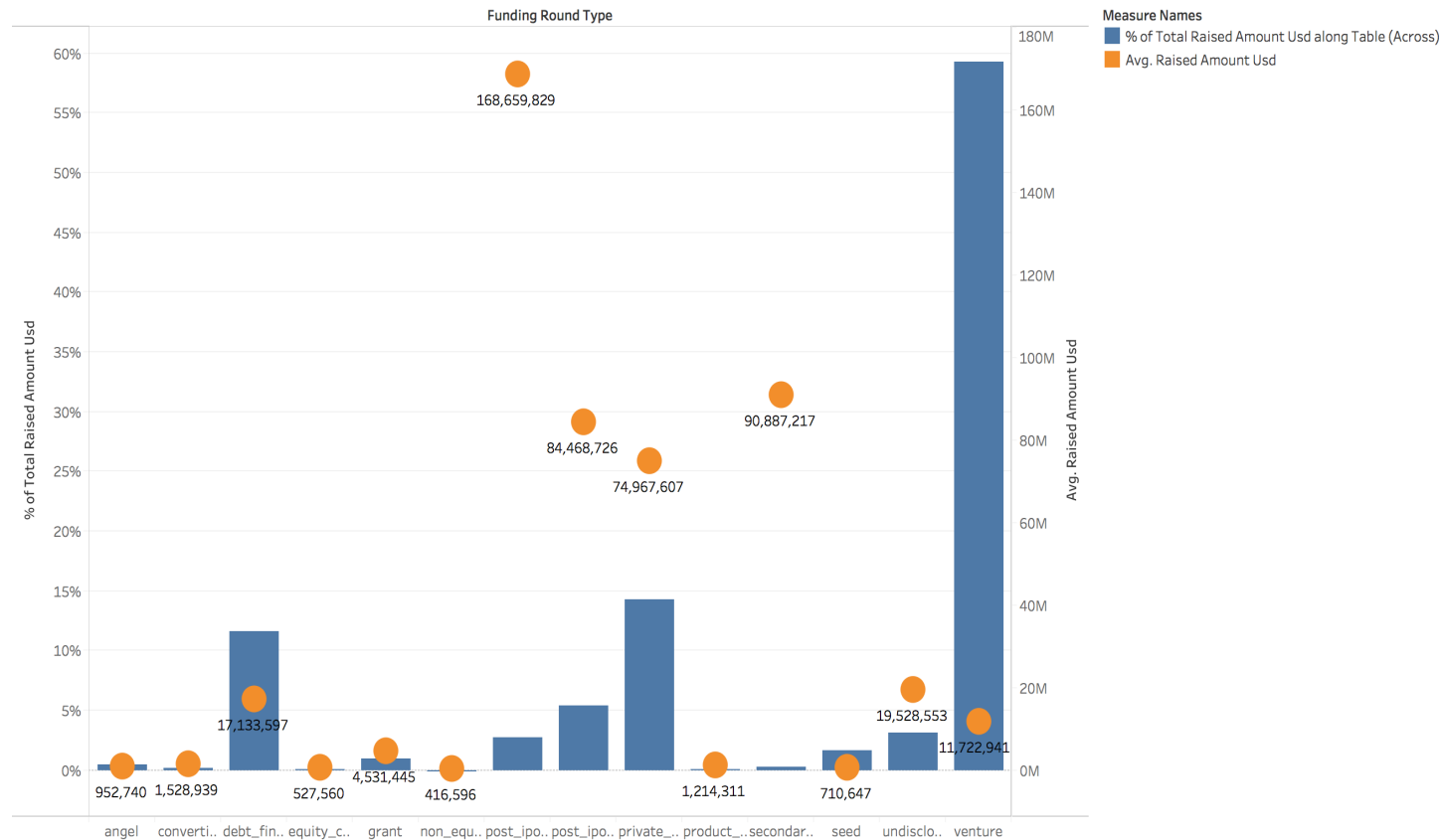
- ❖ Total amount of Investments made for each sector and investment type as “Venture” for the top 3 countries.

Conclusion

Top Sector name (no. of investment-wise)	USA	GBR	IND
Top Sector name (no. of investment-wise)	Others	Others	Others
Second Sector name (no. of investment-wise)	Cleantech / Semiconductors	Cleantech / Semiconductors	News, Search and Messaging
Third Sector name (no. of investment-wise)	Social, Finance, Analytics, Advertising	Social, Finance, Analytics, Advertising	Entertainment

Investment Type

Investment vs. Fund Type Analysis

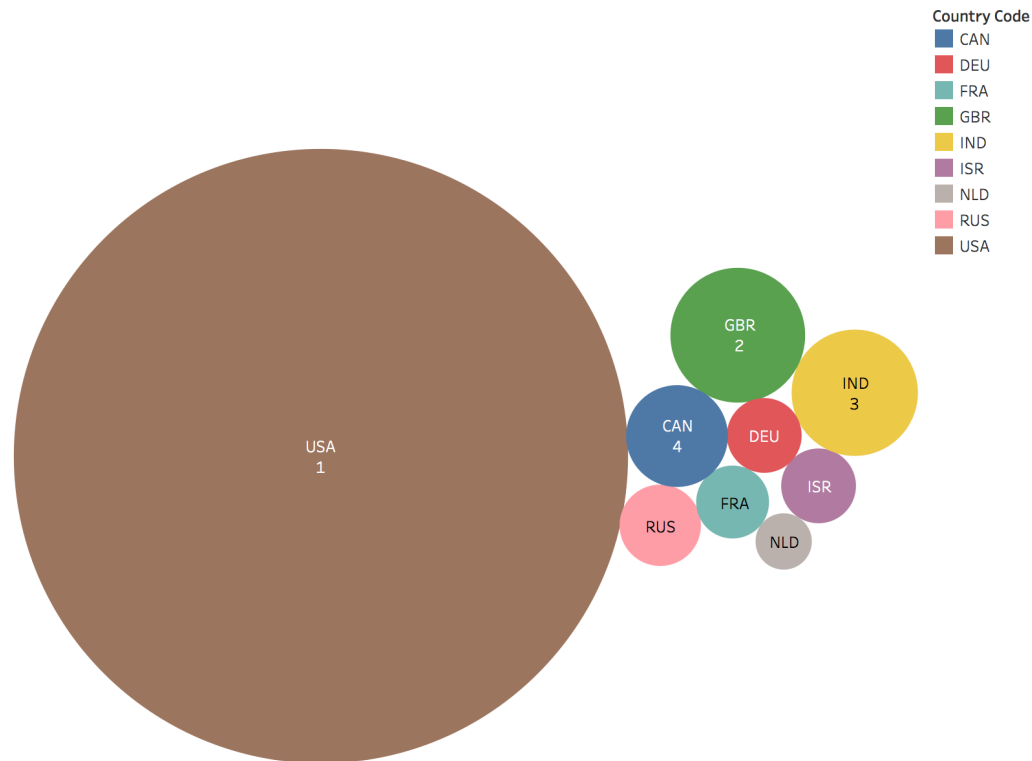


% of Total Raised Amount Usd along Table (Across) and Avg. Raised Amount Usd for each Funding Round Type. Color shows details about % of Total Raised Amount Usd along Table (Across) and Avg. Raised Amount Usd. The view is filtered on average of Raised Amount Usd, which keeps all values.

- ✓ Venture Funds attract the maximum number of investments(60%).
- ✓ Venture Funds are the most suitable investment type for Spark Funds (lies 5-15 M).
- ✓ Seed ,Angel investment fall below the 5-15 million USD available to invest .
- ✓ Private Equity greatly overshoots the 5-15 million USD investment band available with Spark Funds.

Top 9 Countries for Investment

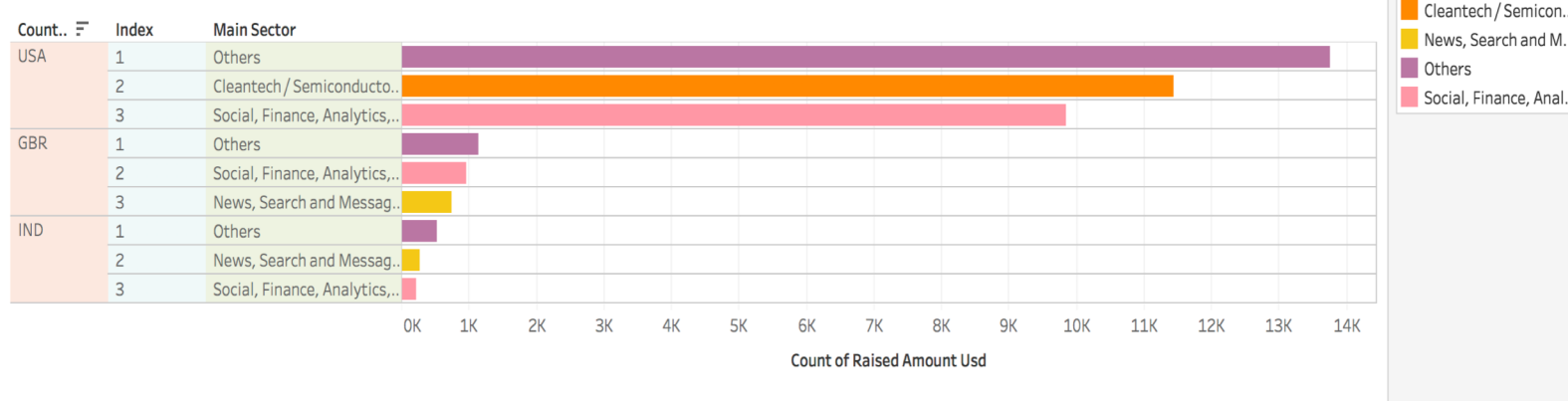
Top 9 Countries Investment Analysis



- ✓ United States of America is the leading English Speaking country attracting most of the investments.
- ✓ Total investment flowing into United States is more than double the investment made in the top 2nd country.
- ✓ United Kingdom is the 2nd most attractive country for investment.
- ✓ India is the 3rd most attractive country for venture funds.

Analysis of Investments in Top 3 Sectors of Top 3 Countries

Analysis of Investments in Top 3 Sectors of Top 3 Countries



- ✓ The Investment patterns in USA and UK are the same- “Others” is the leading sector, followed by “Cleantech /Semiconductors” and “Social, Finance, Analytics, Advertising”.
- ✓ India is also led by the ‘Others category’. ‘News, Search and Messaging’ is the 2nd most attractive sector, while ‘Entertainment’ is the third.

Conclusion & Recommendations

- ❖ **Investment type Recommendation:** Venture
- ❖ **Recommendation on Countries where Investment can be made:**
 1. USA
 2. Great Britain
 3. India
- ❖ **Recommendation on Top 3 sectors for the 3 countries:**
 - **If investing in USA or GBR, consider investing in the top three sectors :**
 - ✓ Others
 - ✓ Social, Finance, Analytics, Advertising
 - ✓ Cleantech/Semiconductors
 - **If Investing in India, consider investing in these sectors:**
 - ✓ Others
 - ✓ News, Search and Messaging
 - ✓ Entertainment