INVESTMENT CASE STUDY

SUBMISSION

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Abstract – Spark Funds Investment Strategy

Objective:

- To understand the global trends in investments so that informed investment decisions can be taken.
- To find the most suitable funding type, countries and sectors to invest in; based on where most investments are currently happening.

Goals of data analysis: To identify
- The most suitable funding type
- Countries to invest in
- Sectors to invest in

Constraints:
- Amount to be invested : Between 5 to 15 million USD
- To invest in English-speaking countries because of ease of communication

Strategy: Invest where others are investing (best sectors and countries are the ones where most investments are happening.)

Problem Solving Methodology

Business Understanding
- Understanding the problem at hand (choosing the best sector, countries and investment type to invest in)

Data Understanding
- Understanding the data at hand (Information about various start-ups as well as their funding information and various sectors)

Data Preparation
- Clean and prepare the data so it can be effectively utilized for our purpose

Data Analysis
- Analyzing the data to arrive at conclusions

Funding Type Analysis

Analysis of various funding types available; vis-à-vis their total market share and the average amount invested:

Funding Type	Average Amount Invested	Fraction of Total Investment Globally
Venture	$11,748,949	0.78
Angel	$ 958,694.5	0.01
Seed	$ 719,818	0.02
Private Equity	$ 73,308,593	0.19

Venture funding type seems most suited for Spark Funds; as its average investment amount falls within the range of 5 to 15 million USD.

Country Analysis

For "Venture" type; we found out the top countries where most investments are happening. These were the top 9 countries (top 3 English-speaking countries are highlighted):

Countries	Total Amount Invested
USA	$ 422,510,842,796
China	$ 39,835,418,773
United Kingdom of Great Britain	$ 20,245,627,416
India	$ 14,391,858,718
Canada	$ 9,583,332,317
France	$ 7,259,536,732
Israel	$ 6,907,514,579
Germany	$ 6,346,959,822
Japan	$ 3,363,676,611

Sectoral Analysis

In these top 3 English-speaking countries; we found out which were the sectors where most investments were happening:

	USA	UK	India
Top Sector	Others (Number of investments: 2950)	Others (Number of investments: 147)	Others (Number of investments: 110)
Second Sector name	Social, Finance, Analytics, Advertising (Number of investments: 2714)	Social, Finance, Analytics, Advertising (Number of investments: 133)	Social, Finance, Analytics, Advertising (Number of investments: 60)
Third Sector name	Cleantech / Semiconductors (Number of investments: 2350)	Cleantech / Semiconductors (Number of investments: 130)	News, Search and Messaging (Number of investments: 52)

Plot -1: Fraction and Average Investment Amount
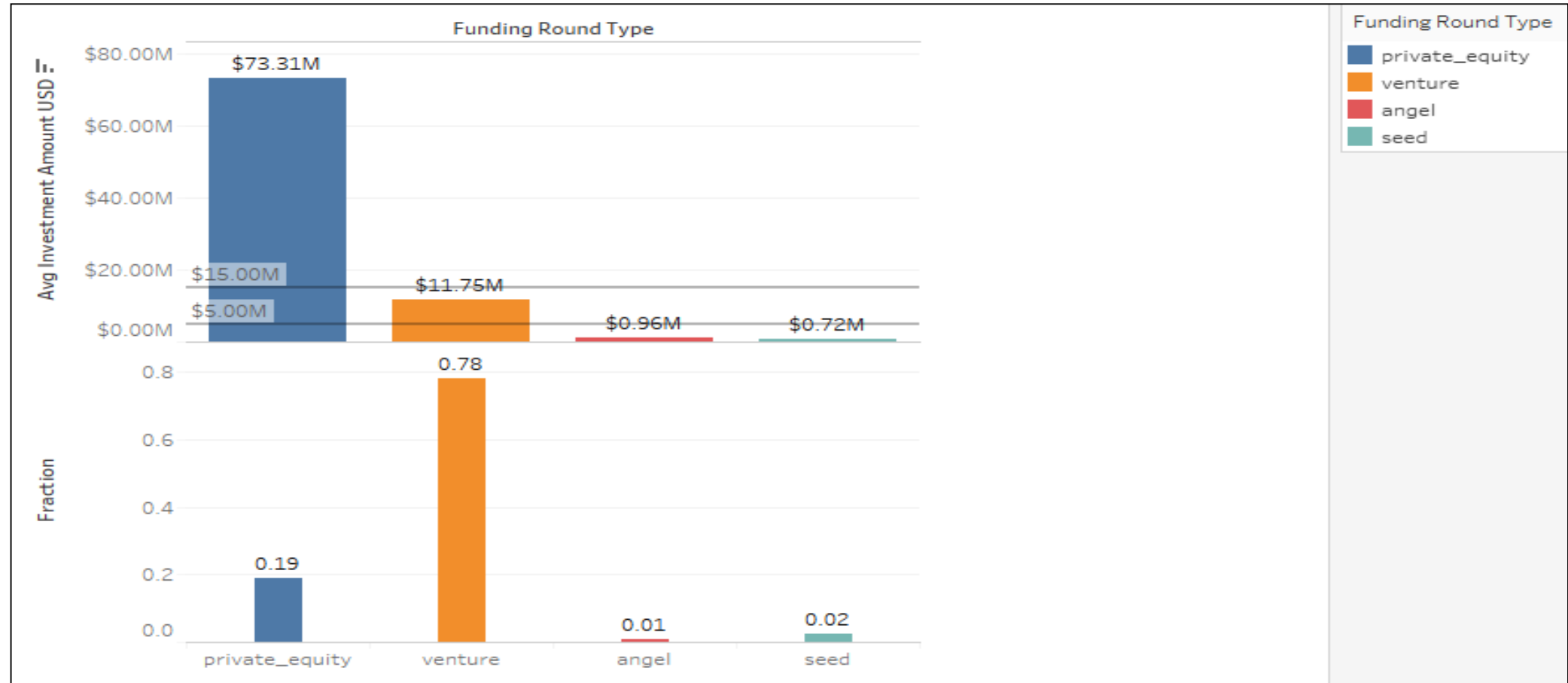
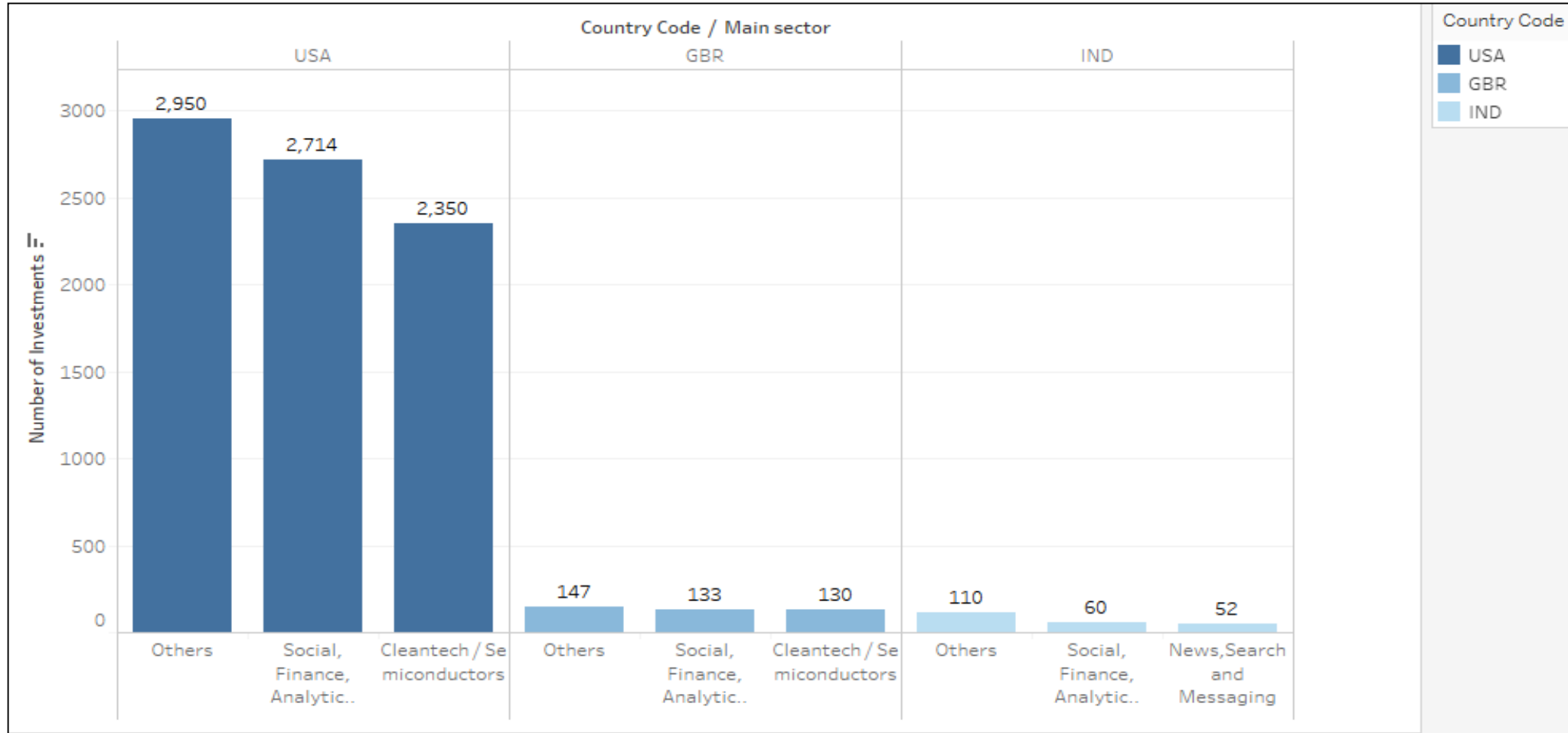Venture is the suitable investment type with average investments in the Range of 5M-15 M

Plot -2: Top 9 Countries by Investment Amount
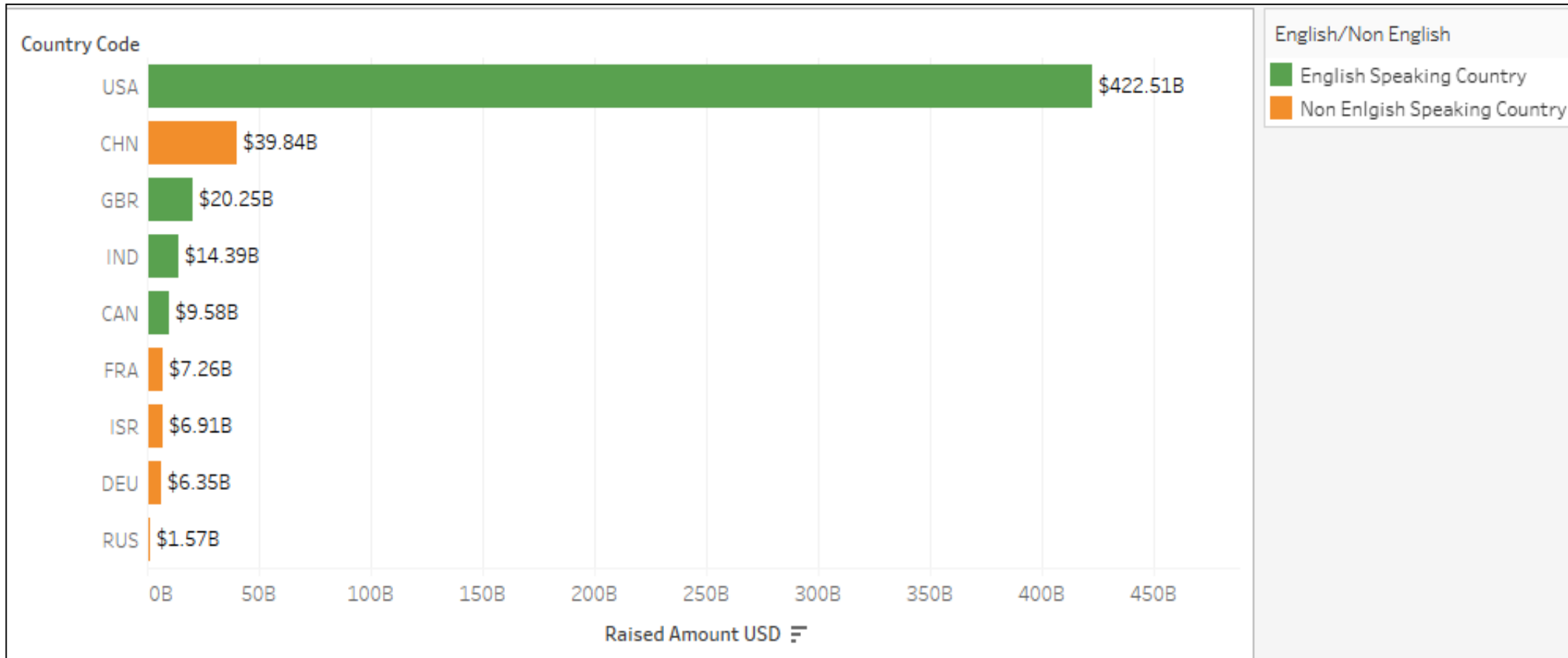
English speaking countries are marked in green colour. Top 3 countries based on investment amount are USA,GBR and IND.

Plot -3: Number of Investments by Top Country and Sector

This plot shows the top 3 sectors based on the number of investments by country.

Conclusions

The following seem to be the best suited for Spark Funds' investment strategy:

- Funding Type: Venture

- Countries to invest in: USA, UK, India

- Sectors to invest in:
  - "Others" and "Social, Finance, Analytics, Advertising" sectors seem to be attracting the maximum number of investments across all three countries.

- Companies attracting the maximum investment in top two sectors in top three countries:

Sector	USA	UK	India
Others	Virtustream	Electric Cloud	FirstCry.com
Social, Finance, Analytics, Advertising	SST Inc.	Celltick Technologies	Manthan Systems