

INVESTMENT CASE STUDY

SUBMISSION

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Spark Funds – Case Study Abstract

The purpose of this case study is to determine the optimum strategy for Spark Funds – an asset management company.

To determine the best strategy, it is essential to understand the market trends in global investments based on a quantitative approach.

Strategy:

- Formulate investment strategy for Spark Funds by emulating strategic positions of other existing investors.

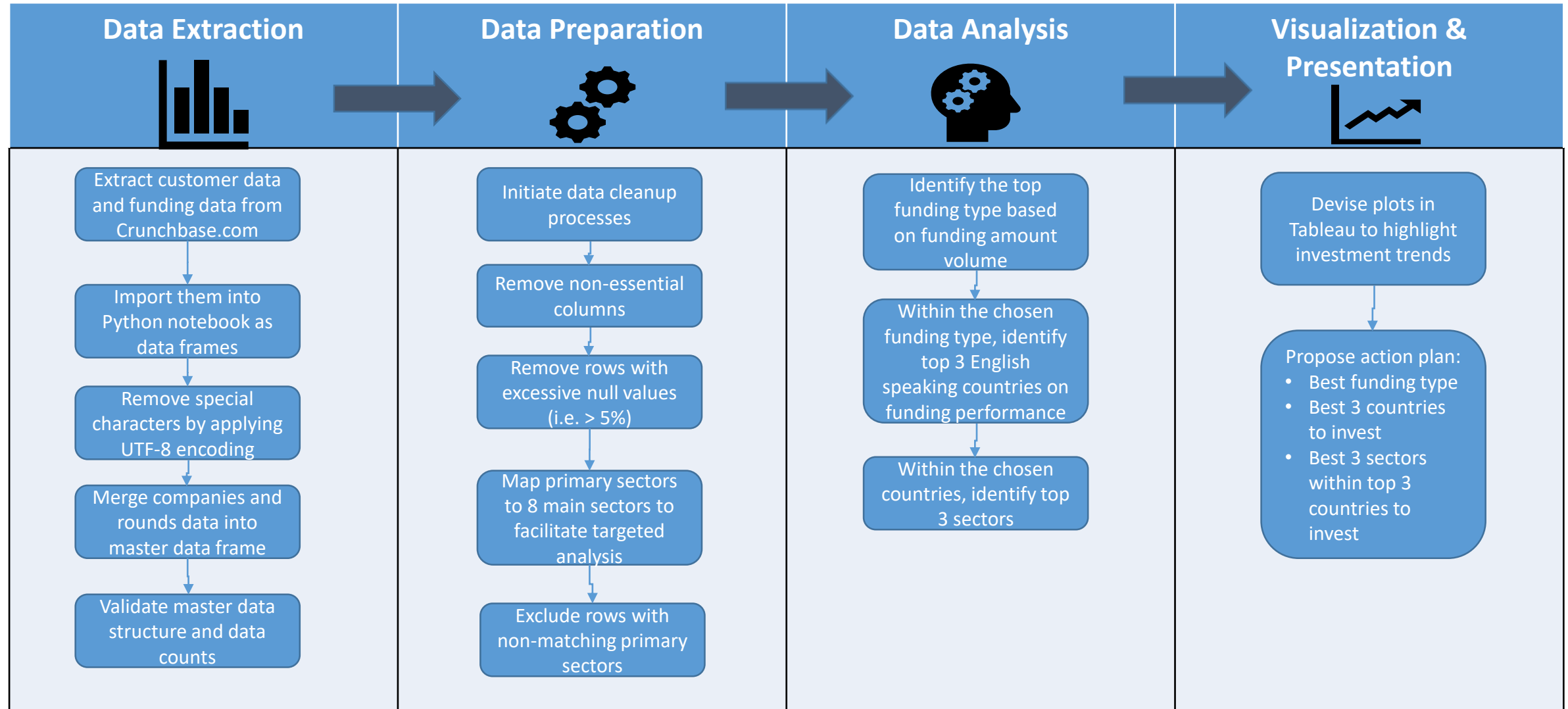
Case Study Objective:

- Identify investment opportunities based on parameters like -
 - Best funding type (e.g. seed, venture capital etc.)
 - Best countries attracting the highest volume of funding
 - Best sectors based on growth aspects and investor sentiment
- Per Round Investment Budget Range – \$ 5- 15 million

Resources:

- Crunchbase.com – Source of quantitative investment data from across the globe

Case Study Analysis Process



Funding Type Analysis

- Funding types define various investment vehicles to invest in companies
- This would depend on the lifecycle stage(i.e. start-up/mid cap etc.) of the company and the market status (i.e. private/public)
- Most invested funding vehicles by average (meant for large companies with less risk)
 - **post_ipo_debt (169 Million \$)**
 - **Secondary market (81 Million \$)**
 - **Private equity (73 Million \$)**
- Least invested funding vehicles by average(meant for emerging start-ups with high risk)
 - **Non-equity assistance (0.74 Million \$)**
 - **Crowdfunding (0.51 Million \$)**
 - **seed funding. (0.47 Million \$)**

Suitable investment type for Spark Investment – Venture (Avg – 11.7 million \$ - within the budget of 5-15 million per round)

Country Segment Analysis

- Some countries perform better than others
- This can be due to the overall stability, economic condition and the underlying comparative advantages of a given country
- Based on chosen funding type i.e. Venture capital. The top 9 countries based on investment volume are as follows:
 - 1. USA (\$422,510 million)**
 2. China (\$39,835 million)
 - 3. Great Britain (\$20,245 million)**
 - 4. India (\$14,391million)**
 5. Canada (\$ 9,583 million)
 6. France (\$ 7,259 million)
 7. Israel(\$ 6,907 million)
 8. Germany(\$6,346 million)
 9. Japan (\$ 3,363 million)

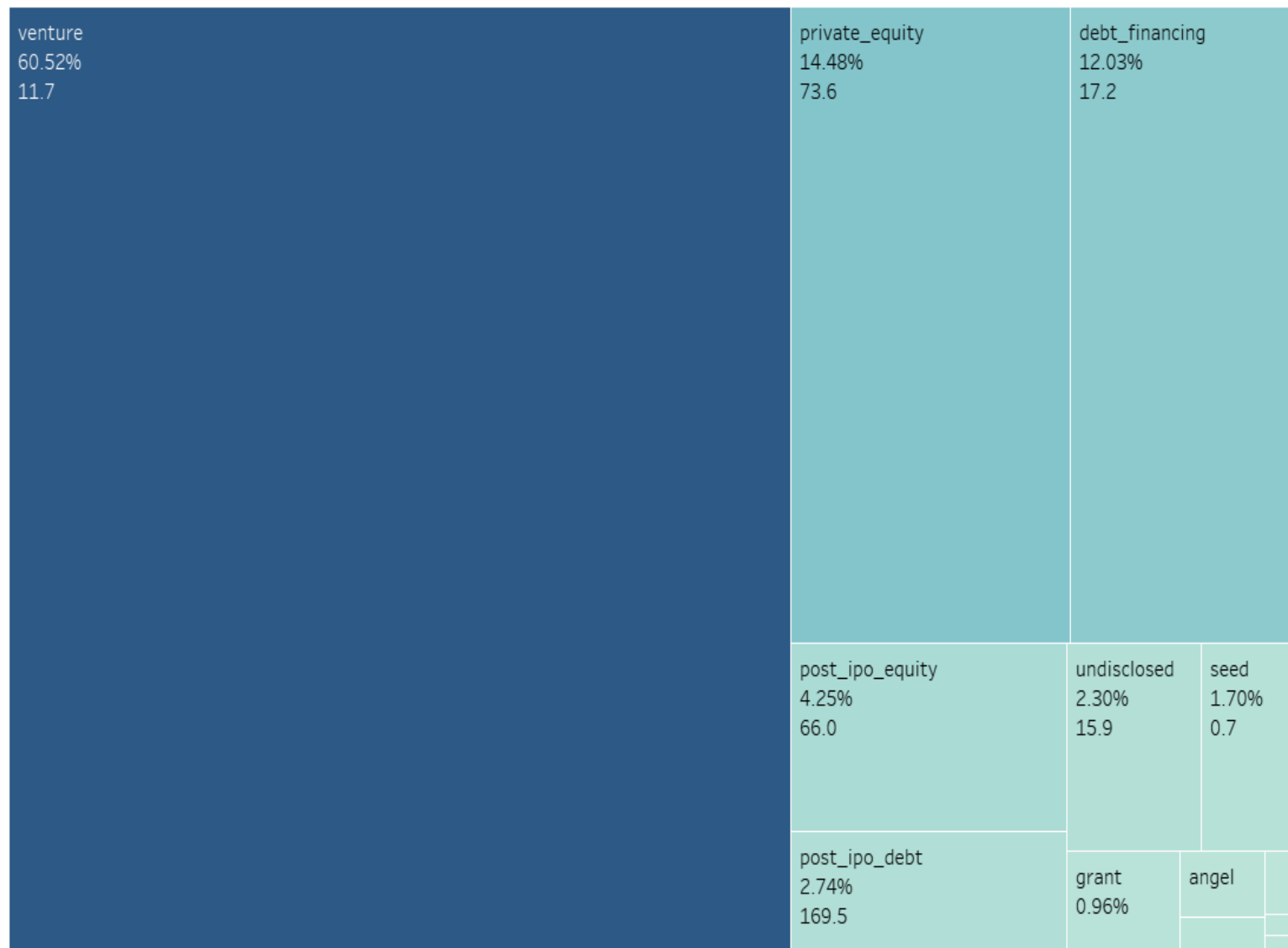
Suitable countries for Spark Investment – USA, Great Britain and India (Top 3 English speaking countries by investment volume)

Sector Analysis

- Sector attractiveness can be attributed universally to economic conditions, market conditions and technological factors
- For a specific country – availability of resources and indigenous market demand can be key variables
- Based on chosen funding type i.e. Venture capital. The top 3 sectors within the chosen top 3 sectors are as follows::
 - 1. USA**
 1. Others (\$26,321 million)
 2. Social, Finance, Analytics, Advertising (\$23,807 million)
 3. Cleantech / Semiconductors (\$ 2,1206 million)
 - 2. Great Britain**
 1. Others (\$ 1,283 million)
 2. Cleantech / Semiconductors (\$ 1,150 million)
 3. Social, Finance, Analytics, Advertising (\$ 1,089 million)
 - 3. India**
 1. Others (\$1,283 million)
 2. Social, Finance, Analytics, Advertising (\$550 million)
 3. News, Search and Messaging (\$ 433 million)
- Others sector encompasses primary sectors like Ecommerce, IT based services (i.e. based on realities of the information age)
- Cleantech / Semiconductors sector is incumbent on the growing need for clean energy and digital (personal/IOT) devices
- Social , Finance, Advertising & Advertising is fuelled by digital transformation of companies processes (i.e. marketing, sales, finance etc)
- News, Search and Messaging (specific to India) is driven by unique comparative advantage of Indian IT & ITES capabilities

Results – Investment by Funding Type

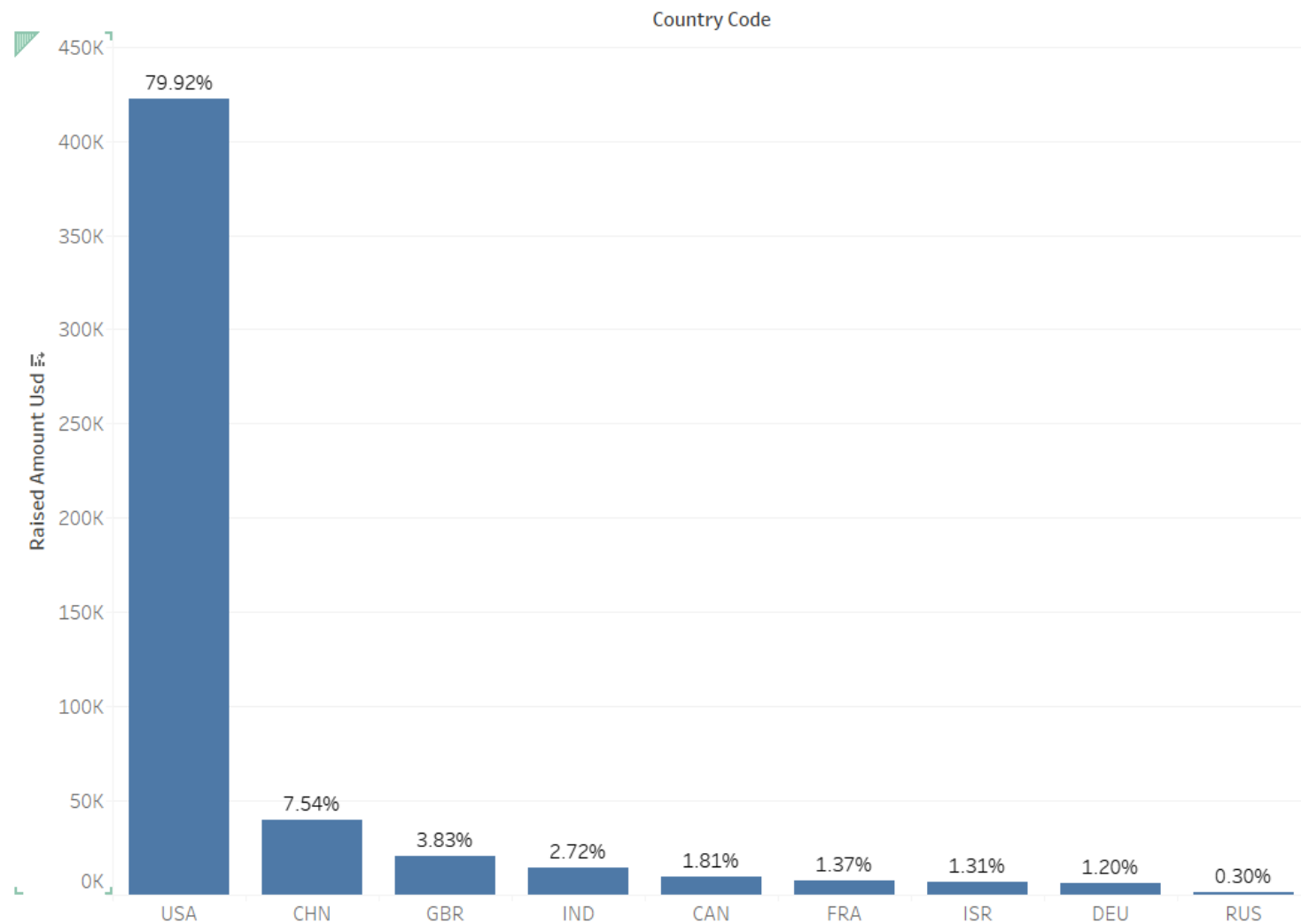
- Venture capital has **60 %** of investment volume
- Investment volume ~ **\$ 11.7 million**



Results – Investment by Country

- USA garners 79.92 % of global venture investment
- GBR and India are other notable English speaking investment hotspots
- China is excluded as it is a non-English speaking country

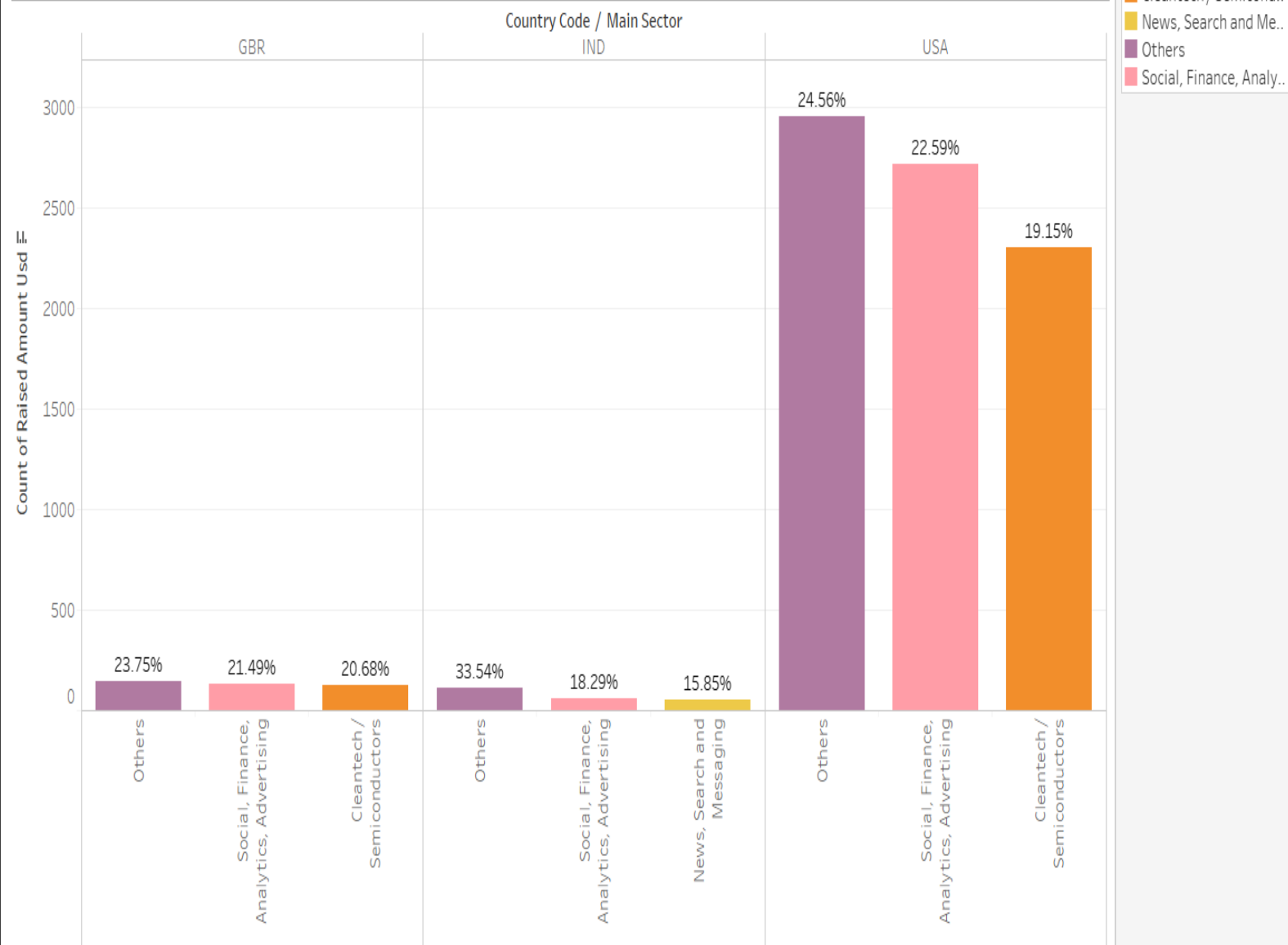
Investments by Country



Results – Investment by Country/Sector

- Others and Social, Financing, Analytics & Accounting sectors show lot of promise in all three countries
- Cleantech/Semiconductors is a viable sector in USA and GBR
- In India, News, Search and Messaging sector is an attractive proposition

Investments by Country/Sector



Conclusion

- Chosen Strategy: Emulate investment strategy of existing investors
- Chosen Funding Type: Venture Capital (average - \$ 5-15 million/ round)
- Target Countries: USA, Great Britain and India (i.e. top 3 English speaking countries)
- Based on chosen funding type i.e. Venture capital. The top 3 sectors within the chosen top 3 sectors are as follows::
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