

# INVESTMENT CASE STUDY

## SUBMISSION

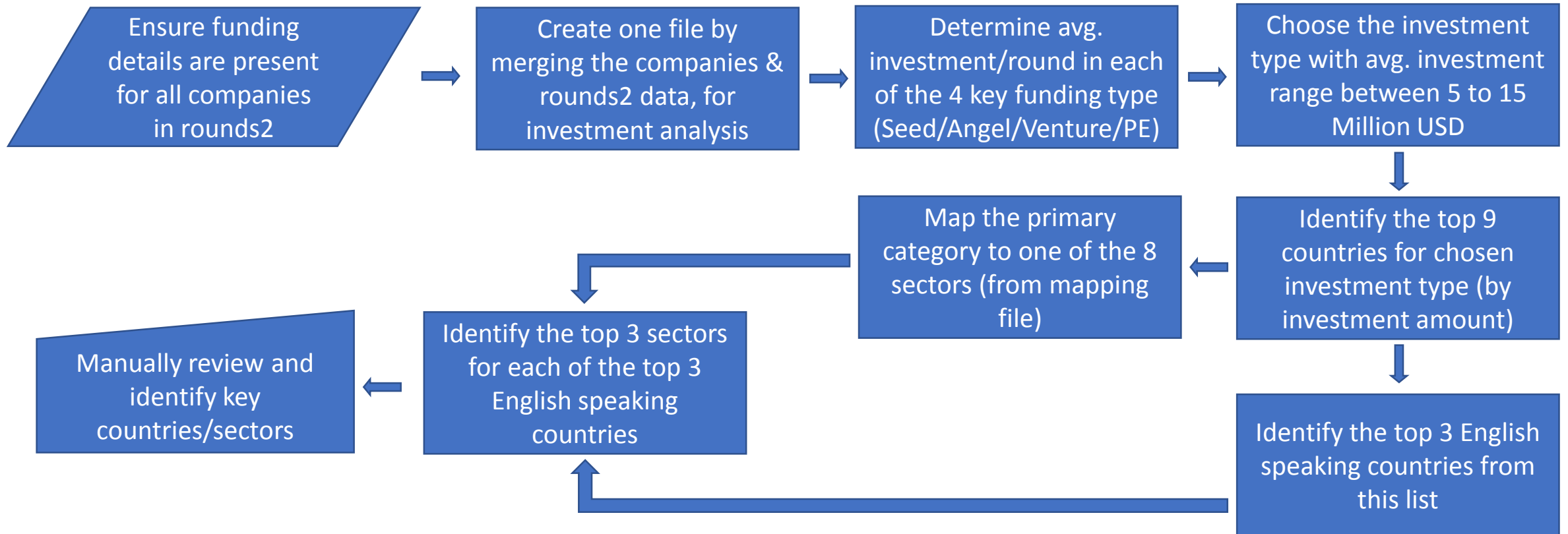
Group Name:

1. Monica Alluri
2. Ashu Abinash
3. Abhinov Baruah
4. Vijay Vaidyanathan

## Abstract

- The CEO of Sparks Funds wants to determine the best investment strategy. Some of the key constraints for these investments are: -
  - ✓ Funding amount in the range of 5 to 15 M USD per round of investment.
  - ✓ Invest only in English speaking countries.
  - ✓ Investment methodology: -
    - ✓ Overall guiding strategy is Sparks Funds wants to invest where other others are investing.
    - ✓ It wants to identify the best sectors, countries, and investment type (from Seed, Angel, Venture and Private Equity).
- The objective of this study is to analyze the trends based on above guiding principles and come up with the suggestions for the CEO of Sparks Funds.

## Problem solving methodology



## Analysis – Business and Data Understanding

The first step is to understand the business requirement and available data (companies, rounds2 and mapping files) using the following steps –

- ✓ Business Understanding – Sparks Funds wants to invest between 5 to 15 Million USD in companies/sectors/countries where most investment companies are already investing in. Also, they want to focus only on English speaking countries.
- ✓ Data Understanding –
  - ✓ Companies file – Contains basic data like company name, permalink, country details etc.
  - ✓ Rounds2 file – Contains details of funding rounds.
  - ✓ Since the entire analysis is based on funding rounds, rounds2 could be taken as the master file.
  - ✓ Validate if all companies (using the permalink field) in rounds2 are present in companies dataset. This comparison needs to be case-insensitive.
  - ✓ The next step is to merge the 2 files on permalink field to perform investment analysis. Based on the analysis, its determined that there are 66368 unique companies. There are a total of 114949 records in the merged file.

## Analysis – Data Cleaning and Analysis

The next step is to perform data cleaning and analysis/aggregation etc. using the following steps –

- ✓ Calculate the average funding/round for each funding type. Chose the funding type which is between 5 to 15 Million USD. The funding type identified is “Venture”.
- ✓ Identify the Top 9 countries which receive the total highest funding for the chosen investment type from step 1 above.
- ✓ Map the Top 9 countries fetched from the previous step against the English speaking countries. Identify the top 3 English speaking countries. Top 3 countries identified are USA, Great Britain and India.
- ✓ Map the Primary category in the merged file with the mapping file provided.

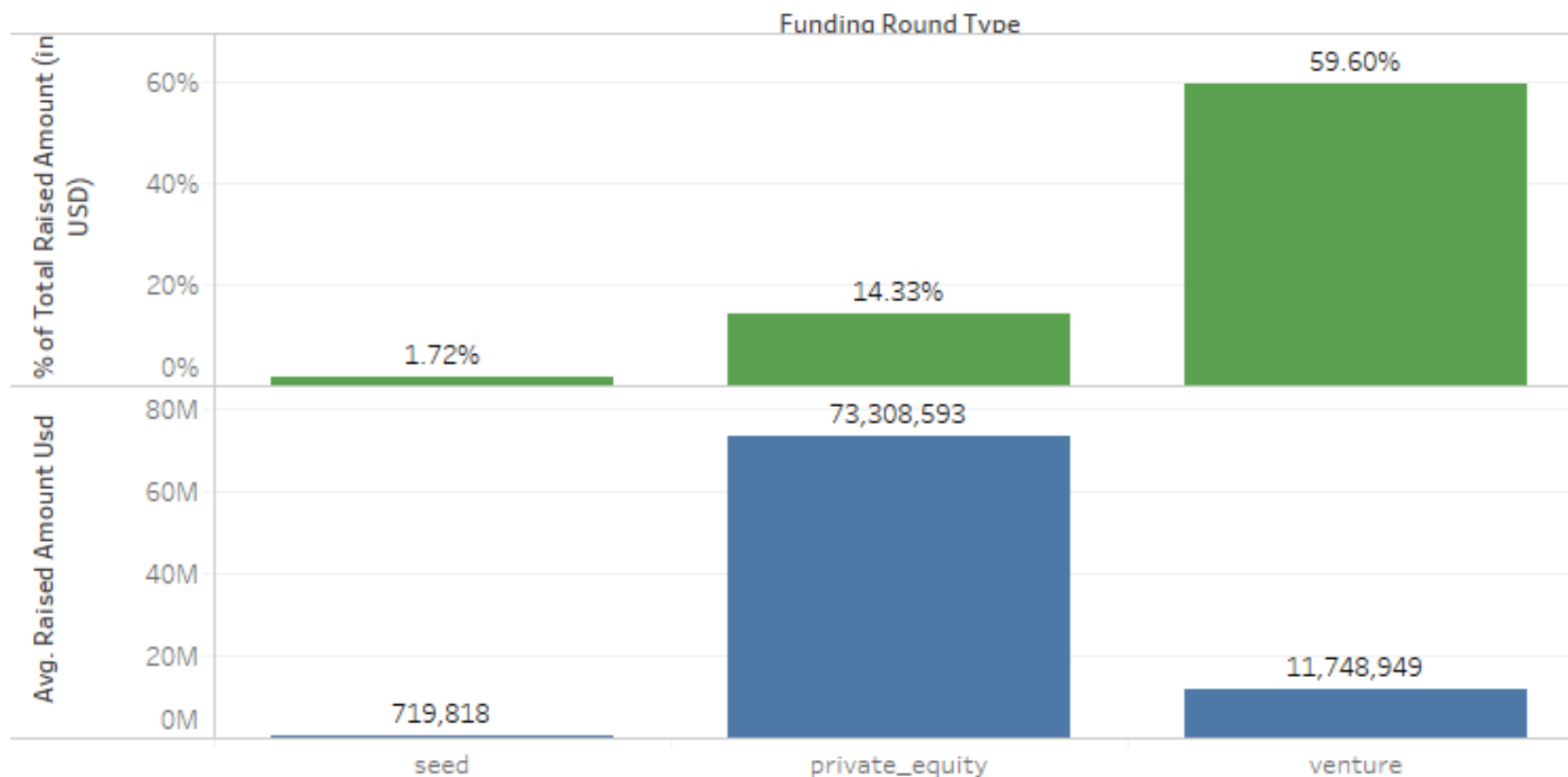
## Analysis – Evaluation and Recommendation

The final step is to review the Funding type, top sectors and countries and come up with investing suggestions for Sparks Funds –

- ✓ Next step is to identify the most heavily invested sectors in each of the top 3 countries identified in the previous step.
- ✓ Based on the analysis conducted list out the top 3 sectors in each of the top 3 countries according to the funding type chosen. Conclusions are present in the final slide.
- ✓ The key data points are also plotted in Tableau to help highlight the key points of this case study.

## Results

Fraction of total and average investments for Key funding types

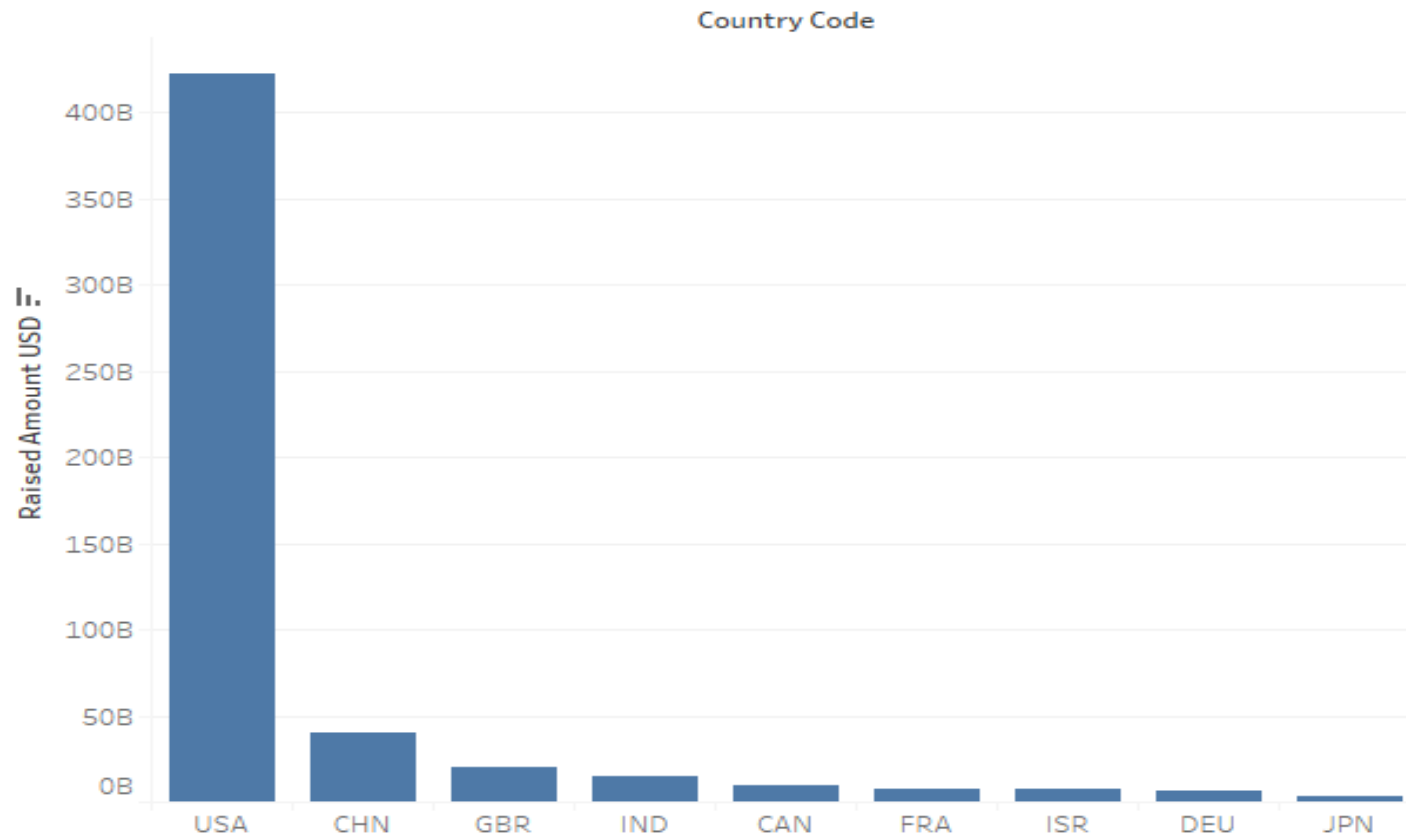


### Insights

- ✓ Venture is the funding type with ~60% of the total funding (across all types and countries)
- ✓ Average Funding per round of investment is 11.7 Million USD for Venture Funding Type and is likely the type Sparks Funds would go for.

## Results

Top 9 countries by funding amount for Funding Type "Venture"



### Insights

- ✓ USA, China, Great Britain, India and Canada are the countries with highest Venture investments.
- ✓ USA, Great Britain and India are the 3 countries Sparks Funds is likely to invest in (As they are English speaking).



## Results

Top Sectors (by count of investments) in each of the top 3 English speaking countries for Venture funding type

Country Rank	Country Code	Rank of Count Of Inv	Sector Names	
1	USA	1	Others	2,950
		2	Social, Finance, Analytics, Advertising	2,714
		3	Cleantech / Semiconductors	2,350
2	GBR	1	Others	147
		2	Social, Finance, Analytics, Advertising	133
		3	Cleantech / Semiconductors	130
3	IND	1	Others	110
		2	Social, Finance, Analytics, Advertising	60
		3	News, Search and Messaging	52

### Insights

- ✓ The top 3 sectors, most likely, would be
  - Others
  - Social/Finance/Analytics
  - Cleantech/ Semiconductors
- ✓ Average Funding per round of investment is 11.7 Million USD for Venture Funding Type.

## Conclusions

Based on the Analysis, following are our recommendations for Sparks Funds:-

1. The funding type suitable for Sparks Funds would be “Venture”.
2. Companies with most Venture funding's are mainly located in USA, UK, China, and India. As Sparks Funds wants to focus the investing in English speaking countries, they are suggested to invest their available budget as below –
  - ✓ In USA (close to 90% )
  - ✓ In GBR(6-7%)
  - ✓ In India (3-4%)
3. Following are the sectors, Sparks Funds is suggested to invest its available budget –
  - ✓ Others (~40% of the total budget, split in the ratio among the 3 countries from the above recommendation)
  - ✓ Social/Finance/ Analytics (~30% of the total budget, split in the ratio among the 3 countries from the above recommendation)
  - ✓ Cleantech/ Semiconductors (~28% of the total budget, split between USA and GBR in the ratio 5:1)
  - ✓ News, Search and Messaging (~ 2% of the total budget, only in India)