Union square ventures raising new tech fund

Business, Marketing

The article Union Square Ventures Raising New Tech Fund discusses different aspects of the strategic approach utilized by Union Square Ventures during the last year and the current status of the industry (Ante & Kreutzer & Willmer). Union Square Ventures is looking to raise $150 to $200 million. The problem with the goal of the company is that venture capital money is currently hard to come by in the United States. A lot of money is being invested in technological companies by investors which have created a fear among experts of another tech bubble in the near future. If the company which has founded in 2003 is able to raise the capital it desires it would impress a lot of skeptics that believe that the New York scene is not as powerful and rich as it once was. Two of the best investments of Union Square Ventures were Twitter and Zynga. Since 2004 those investment have help raise the value of the fund by more than double. In 2008 Union Square Ventures had an internal rate of return of 23%. The track record of the company will help the firm raise the capital it desires for its new fund. During the first half of this year U. S venture firms have been able to raise $8. 14 billion. This figure represents an increase of 20% in comparison with the same period last year. The industry has become more compressed since that money was raised by 50 firms which are 31 firms fewer than last year. The company is seeking to expand by creating a new fund. The strategy is a great idea because the new fund will generate the company additional revenues that will make the Union Square Ventures grow. Despite the optimism of the company the firm has to be realistic about its ability to raise the desired fund goals. A new strategic approach the company can implement is to raise the money by three stages. The firm could seek three

$50 million fund investments. After the final round of capital raising the three funds will be consolidated and turn into one. The first fund should market a portfolio strategy of investing a lot of money in technology companies. These types of stocks are in high demand among investors in Wall Street. The other fund should seek out a diversification strategy targeting companies that have lots of potential to grow internationally. The third fund should target a passive conservative strategy of investing in the money markets including corporate and governmental bonds. The overall strategy of dividing the fund into three stages increases the chances of the company of raising more capital. The company after stage one would start the fund. The three stages of fund raising should occur in four month lapses in order to complete the fund within a one year span. I learned from class that venture funds are investments that have the potential of generating tremendous returns due to the fact that professional financial managers make the decisions of how to invest the money to obtain the best return possible while minimizing risks.

Work Cite Pages Ante, Spencer and Laura Kreutzer and Sabrina Willmer. 15 September 2011. “ Union Square Ventures Raising New Tech Fund.” Wall Street Journal. 27 November 2011. < http://online. wsj. com/article/SB10001424053111904060604576571201632550590. html#ixzz1ewHXw0aM>