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**INVESTMENT IN PITTSBURGH'S TECH COMPANIES IS BUILDING MOMENTUM ACCORDING TO
5-YEAR REPORT FROM ERNST & YOUNG AND INNOVATION WORKS
Early-stage deals, exits, sector diversity create strong investment climate**

MARCH 20, 2014 -- PITTSBURGH – According to the second annual review by Ernst & Young and Innovation Works on regional investment activity, Pittsburgh technology companies continue to outpace national averages in the amount of venture dollars invested in regional companies. In addition, the diversity of industries raising capital, an improving climate for regional venture funds, and the growing number of successful company exits spell continuing strength for the region's technology companies. The full report can be found at [Building Momentum: Investing in Pittsburgh's technology sector](#). Rich Lunak, President & CEO of innovation Works, and Lynette Horrell, Managing Partner of Pittsburgh's office of Ernst & Young, will discuss the report at a meeting of the Pittsburgh Venture Capital Association (PVCA) on March 20.

Highlights of the report:

- In 2013, Pittsburgh attracted over \$338 million in venture, angel, strategic partnership and other sources of capital to finance 148 deals
- Between 2009 and 2013, 34 exits occurred among Pittsburgh technology companies. These exits are valued at more than \$3 billion.
- More than 120 venture firms from around the country fuel our local companies.
- Pittsburgh ranks 3rd in the number of venture deals per capita compared to similar regions and those that are more active technology hubs.
- Pittsburgh has a diverse pool of industries attracting capital. Over the past five years, funding has gone to 249 companies, with the bulk going to these broad sectors:
 - o 57% of funded companies are categorized as information technology (enterprise & consumer software, electronics, robotics, telecom & IT infrastructure)
 - o 25% of companies receiving funding were categorized life sciences/healthcare (medical devices, healthcare IT, biotechnology/drug development, healthcare services)
- Though most venture capital for local deals comes from investors outside the region, the supply of indigenous venture capital is modestly improving.
- The combined research budgets at our world-class universities are an unparalleled resource. Their increasing activities to license, spin-off and commercialize technologies are creating a steady flow of strong, new companies and top-tier talent.

(More)

“When we look at the full investment picture of our region, we see a robust region that is gaining momentum over the past five years in terms of seed-stage investment, exits and the diversity of sectors being funded,” said Lynette Horrell, Managing Partner, Pittsburgh Office, Ernst & Young LLP. “The fact that growth is occurring on multiple fronts is encouraging. There are also areas that have even greater potential to tap, such as our world-class research universities which are spinning out technologies and companies at an increasing pace, which makes Pittsburgh poised for even greater investment,” Ms. Horrell continued.

Rich Lunak, President & CEO of Innovation Works, one of the nation's most active seed-stage investors, said, “When we benchmark Pittsburgh against the kinds of communities we look up to, we are making great strides to reach the high levels of entrepreneurial activity we want to foster. Per capita, Pittsburgh is third for venture deals among similar and ‘aspirational’ regions.” Mr. Lunak continued, “This shows that our great companies are able to attract the capital they need to grow and the roster of investors in our local companies is a Who's Who of top investment firms from across the country.”

For the full “Building Momentum” report from Ernst & Young and Innovation Works, go to: http://www.innovationworks.org/Portals/1/documents/Building_momentum.pdf

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About Ernst & Young:

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 167,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

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About Innovation Works:

Innovation Works invests in and provides business assistance for high-potential seed- and early-stage technology companies in the Pittsburgh region. Part of the Ben Franklin Technology Partner network which pioneered technology-based economic development, Innovation Works is the single largest investor in seed-stage companies in the Pittsburgh region and is in the top ten most active seed- and early-stage investors in the country (according to national rankings). Innovation Works is an initiative of the PA Department of Community and Economic Development and is funded by the Ben Franklin Technology Development Authority. www.innovationworks.org