

## Venture capital deals in Illinois on pace for record

Illinois Innovation Index being launched to collect, analyze data on new businesses

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Venture capital investment in Illinois companies reached a record \$1.45 billion last year and is on track to surpass that level in 2011, according to new data scheduled to be released Thursday by a group of four local organizations.

The numbers also show that \$864.5 million has been invested during the first half of 2011. The lion's share of investment, about \$856 million, has flowed to the Chicago metropolitan area.

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The data represent the first monthly installment of the Illinois Innovation Index, which is being launched to collect and analyze comprehensive data on venture capital investment and economic activity related to new businesses.

According to the index, the number of venture capital deals in Illinois hit 63 during the first half of the year, compared with 43 deals during the same period in 2010. The data capture activity across the state's technology sectors, from consumer-oriented Web startups to companies working in life sciences.

This effort involving the Chicagoland Chamber of Commerce, the Chicago Metropolitan Agency for Planning, World Business Chicago and the Illinois Science and Technology Coalition started a year and a half ago.

The project "made sense for us because we all have basically a mission of, one, sharing the Illinois story; two, pursuing economic development; and three, developing the strategies to support one and two," said Matthew Summy, president of the science and technology coalition, a member organization comprising private and public-sector groups focused on research and development. "This became a powerful way for us to do it."

Data on entrepreneurial activity is fragmented, often forcing policymakers and industry officials to seek out dozens of disparate sources. Maura O'Hara, executive director of the Illinois Venture Capital Association, said tracking down reliable information on venture funding has "always been a big issue," especially because many investors prefer to keep their deals private. The result is that sources can disagree widely on venture funding, in some cases differing on whether activity went up or down during a period of time.

Summy said the index attempts to cover the widest breadth of data and make the information available in a dynamic, visual online format. Some of the raw underlying data will also be released for use by groups that want to run their own analysis.

Although the inaugural September issue of the index focuses on venture capital investment, the spotlight for each month will change. Next month, the results of a survey on entrepreneurship conducted in partnership with the Chicagoland Entrepreneurial Center will be presented. Other

months, the focus will be on employment and new business starts.

Some of the funding for the index project came from the Illinois Innovation Council, a group of leaders in technology, business and academia that Gov. Pat Quinn created this year.

In a statement, Quinn praised the "promising resurgence in venture capital investment" in Illinois and attributed the increase to a proliferation of startups, good universities, a talented labor pool and government support.

O'Hara said the index should underpin the state's efforts in drawing more investment activity from local and outside sources.

"Some of our political problems have not helped our image, but (with) the excitement over the last couple of years, particularly over Groupon, I've seen a lot of (venture capital firms) outside the state calling up and saying, 'What's going on in the state? Can you introduce me to some firms there?'" O'Hara said. "That's not something that happened five years ago."