

Workforce Review

A monthly review of labor market information for Northern Santa Clara County

October 2011

Did you know?

Fenwick & West's Silicon Valley Venture Capital Survey Reveals Continued Strong Valuations

Fenwick & West LLP, one of the nation's premier law firms providing comprehensive legal services to high technology and life science clients, today announced the results of its *Third Quarter 2011 Silicon Valley Venture Capital Survey*. The survey analyzed the valuations and terms of venture financings for 113 technology and life science companies headquartered in the Silicon Valley that reported raising capital in the third quarter of 2011.

"During the third quarter of 2011, up rounds exceeded down rounds 70% to 15% with 15% flat. This was an increase from the second quarter of 2011, when up rounds exceeded down rounds 61% to 25%, with 14% flat. Series B rounds were especially strong with 89% up rounds. This was the ninth consecutive quarter in which up rounds exceeded down rounds," said Barry Kramer, partner in the Corporate Group of Fenwick & West and co-author of the survey.

An up round is one in which the price per share at which a company sells its stock has increased since its prior financing round. Conversely, a down round is one in which the price per share has declined since a company's prior financing round. The Fenwick & West Venture Capital Barometer™ — which measures the change in share price of Silicon Valley companies funded during the quarter compared with the share price of their previous financing round — showed a 69% average price increase for the quarter, a slight decrease from the 71% reported in the second quarter of 2011. Additionally, one of the companies in the internet/digital media industry had a 1,500% up round, and were this company excluded the Barometer would have been 54% for the quarter.

"This was also the ninth consecutive quarter in which the Venture Capital Barometer was positive," said Kramer. "The best performing industries in the quarter from a valuation perspective were internet/digital media and software (including a significant number of "software as a service" companies and companies building applications for mobile devices), which substantially outpaced the other industries, followed by hardware and cleantech, while the life science industry continued to lag," added Michael Patrick, partner in the Corporate Group of Fenwick & West and co-author of the survey.

"The third quarter of 2011 was a mixed quarter for the venture capital industry, with healthy valuations, solid amounts of investing and an improved mergers and acquisition environment. However, fundraising by venture funds, IPOs, venture capitalists' confidence level and Nasdaq, were all off significantly. Nasdaq has recovered significantly in 4Q11 to date, and Groupon had a successful IPO, but the macro environment continues to be unpredictable, and accordingly, the future direction of the venture environment is uncertain," added Patrick.

Source: *Sacramento Bee* (11/17/11)

<http://www.sacbee.com/2011/11/17/4062511/fenwick-wests-silicon-valley-venture.html>

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Labor Force Statistics (San José–Sunnyvale–Santa Clara MSA)

Unemployment Rate	October 2010	September 2011	October 2011	Percentage Point Change	
				Monthly	Annual
San José–Sunnyvale MSA	10.8%	9.6%	9.5%	- 0.1	- 1.3
California	12.1%	11.4%	11.2%	- 0.2	- 0.9
United States	9.0%	8.8%	8.5%	- 0.3	- 0.5

Labor Force	October 2010	September 2011	October 2011	Percentage Change	
				Monthly	Annual
San José–Sunnyvale MSA	898,200	914,700	915,900	+ 0.1%	+ 2.0%
Civilian Employed	801,500	826,600	828,500	+ 0.2%	+ 3.4%
Civilian Unemployed	96,700	88,100	87,400	- 0.8%	- 9.6%

Industry Statistics (San José–Sunnyvale–Santa Clara MSA)

Change in Employment	October 2010	September 2011	October 2011	Percentage Change	
				Monthly	Annual
Total Nonfarm	858,100	881,900	885,400	+ 0.4%	+ 3.2%
Construction	33,200	35,800	36,200	+ 1.1%	+ 9.0%
Retail Trade	78,000	79,500	78,700	- 1.0%	+ 0.9%
Employment Services	18,200	19,200	19,600	+ 2.1%	+ 7.7%
Health Care & Social Assist.	78,900	82,900	83,400	+ 0.6%	+ 5.7%
Government: State & Local	82,200	81,900	84,000	+ 2.6%	+ 2.2%

NOTE: San José–Sunnyvale–Santa Clara MSA (Metropolitan Statistical Area) = Santa Clara and San Benito Counties

Source: California Employment Development Department, LMID

Labor Force by County (Nine-county San Francisco Bay Area)

	Labor Force			Employed			Unemployment		
	October 2010	October 2011	Annual Change	October 2010	October 2011	Annual Change	October 2010	October 2011	Annual Change
California	18,140,500	18,221,200	+ 0.4%	15,946,200	16,171,300	+ 1.4%	2,194,300	2,049,900	- 6.6%
Alameda County	752,600	751,400	- 0.2%	669,400	675,800	+ 1.0%	83,200	75,700	- 9.0%
Contra Costa County	520,400	519,400	- 0.2%	463,300	467,700	+ 0.9%	57,100	51,700	- 9.5%
Marin County	131,400	133,200	+ 1.4%	120,900	123,600	+ 2.2%	10,600	9,700	- 8.5%
Napa County	74,100	75,000	+ 1.2%	67,400	68,800	+ 2.1%	6,700	6,200	- 7.5%
San Francisco County	458,100	462,300	+ 0.9%	415,500	424,700	+ 2.2%	42,700	37,600	- 11.9%
San Mateo County	371,600	377,400	+ 1.6%	340,100	347,700	+ 2.2%	31,500	29,700	- 5.7%
Santa Clara County	873,400	890,900	+ 2.0%	780,200	806,500	+ 3.4%	93,200	84,500	- 9.3%
Solano County	213,300	212,400	- 0.4%	188,400	189,300	+ 0.5%	24,800	23,200	- 6.5%
Sonoma County	255,200	256,000	+ 0.3%	230,100	232,300	+ 1.0%	25,100	23,700	- 5.6%
SF Bay Area (sum)	3,650,100	3,678,000	+ 0.8%	3,275,300	3,336,400	+ 1.9%	374,900	342,000	- 8.8%

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

Regional Layoff Activity

Company	WARN *	City	Affected	Cause	Layoff Summary	
Applied Materials	Yes	Santa Clara	10	RIF	Individuals Affected YTD †:	2,063 ‡
ArthroCare	Yes	Sunnyvale	111	Closure	Events Current YTD †:	39
Hewlett-Packard	Yes	Cupertino	3	RIF	Events Previous YTD †:	28
Randstad	Yes	Mountain View	314	RIF		
Trident	No	Sunnyvale	19	RIF		
Company confidential	Yes	Los Altos	87	RIF		
Company confidential	No	Milpitas	12	RIF		
Company confidential	Yes	Sunnyvale	408	RIF		
			964			

* **WARN: Worker Adjustment and Retraining Notification** (notice of mass layoff or closure)
 † **YTD: Year to Date** (Program year: July 1–June 30)
 ‡ **Summary Total** may not equal sum of monthly numbers due to internal adjustments

NOTE: Layoff data are reported by NOVA staff responding to layoff events and should be considered only an estimate of regional activity

Source: NOVA's internal Rapid Response database