

ABSTRACT

The venture capital investment model was established in Taiwan in 1983, following a similar scheme from the United States. Since its inception, it has played a decisive roll in the development of the high technology industry in Taiwan. It helps enterprises by providing them with capital funding, necessary for the creation of innovative projects with high potential to become successful business activities in the future.

Taiwan has one of the most developed Venture Capital markets in the world. By December 31, 1999 the aggregate number of Venture Capital firms came to 145 with a total investment of NT\$ 81.1 billion.

With this thesis, an analysis of the investment strategies that five financial institutions adopt for their venture capital will be executed. A number of variables that define the framework of venture capital investing will be examined in order to have a clear picture of those investment strategies.

In one hand we will have three “traditional” Venture Capital firms which have their own criterion and procedure on why and how to do investments in this field. In the other hand, we will study other types of investors, a life insurance company and an industrial bank.

For this study, a qualitative approach was adopted. Interviews with members of those five venture capitalists’ top management team were held.

Interesting results were taken from the empirical study as it was found that not all “traditional” venture capital companies share the exactly same view on how to do venture capital investments. Results regarding the life insurance company were mostly in line with expectations as well as results from the industrial bank.