



Investment in Utah

Utah has emerged as one of the top states in the nation for investment. Over the past several years, the state has consistently ranked among the best labor markets for strong employment growth and low unemployment. The robust labor market, relatively low cost of living, and access to outdoor recreation, has attracted economic migrants from around the country and has turned Utah into one of the fastest growing states. From 2016 to 2017, three of Utah's counties, Wasatch, Tooele, and Morgan were ranked among the top ten fastest growing counties in the nation¹.

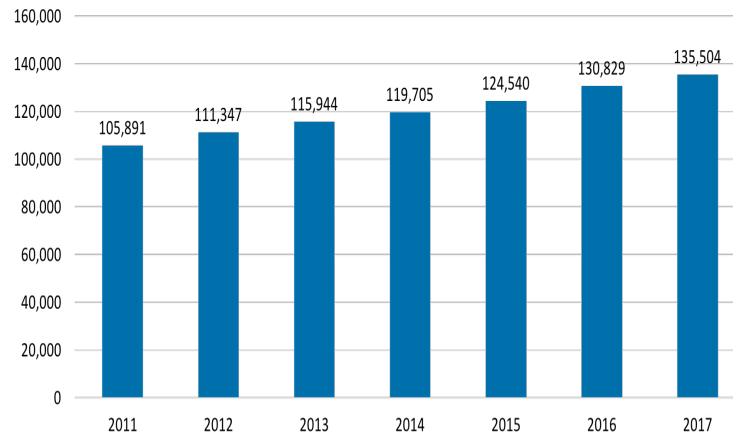
A major contributor to Utah's impressive growth has been the expansion of its tech sector. According to the Computer Technology Industry Association, Utah had the fastest growing tech workforce in the nation in 2017².

Utah's tech sector has also been a driving force in the enormous increase in venture capital investment into the state over the past ten years. When companies receive venture capital funding, they often use it to construct new buildings, purchase equipment, and expand their operational footprint. These capital investments then flow back into the Utah economy, giving the tech sector an outsized presence.

As the tech sector has expanded over the years, it has spurred growth in Utah-based venture capital firms. Typically only seen in the major financial hubs of the U.S., locally-based venture capital funds have been increasingly popping-up in Utah looking to capitalize on their unique perspective of the state's economic environment and workforce. This relationship between Utah's tech industry and burgeoning venture capitalists, will be of significant importance as Utah's "Silicon Slopes" look to challenge other tech meccas like Silicon Valley in California.

Net Tech Employment in Utah

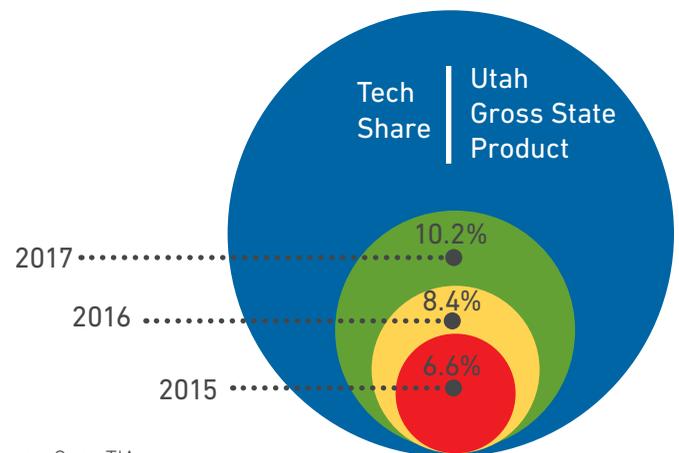
Tech employment grew by 3.6% in 2017 - the highest in the nation.



Source: CompTIA

Tech Industry's Impact on the Utah Economy

Utah's tech industry made up 10.2% of the Utah economy in 2017.



Source: CompTIA

Utah Accolades

Utah consistently ranks as one of the top states in the nation for business and innovation.



Fastest growing tech workforce in the nation
CompTIA, "2018 Cyberstates"



3rd best state for business
Forbes, "2017 Best States for Business"



2nd best state for growth entrepreneurship
Ewing Marion Kauffman Foundation,
"2017 Index of Growth Entrepreneurship"



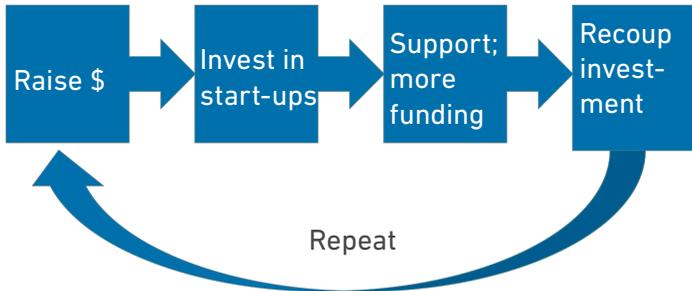
Designated an "Innovation Champion"
Consumer Technology Association, "2018
Innovation Scorecard"

Venture Capital in Utah

Venture capital (VC) investment is typically made into start-up companies that are unable to secure financing from traditional means.

Support from venture capital firms is not only monetary in nature, but often includes long-term managerial and business development support of a company.

Venture capital model:

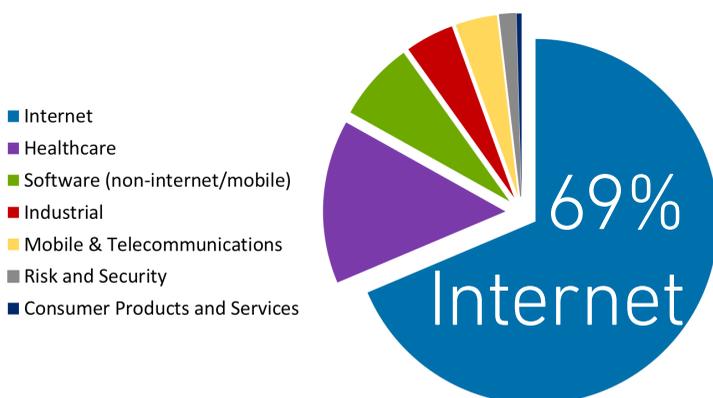


There are approximately 50 venture capital firms headquartered in Utah³. In 2017, Utah-based venture capital firms raised \$56 million⁴ (17th highest nationwide). This capital will be used to fund start-up companies, many times in Utah. And while not all the funding raised will be deployed at once, it does represent the potential for future investment.

Over the past five years, the top seven venture capital investors into Utah-based companies were all headquartered in Utah. As of 2017, those companies were: Kickstart Seed Fund, Peak Ventures, EPIC Ventures, Peterson Partners, Pelion Venture Partners, Stoneway Capital, and Signal Peak Ventures⁵.

What Type of Companies are Receiving VC Funding in Utah?

In 2017, Utah companies received \$818 million in venture capital investment. The majority of funding went to internet companies (69%), followed by healthcare (14%) and software (7%)⁶.



Source: PWC, CB Insights Money Tree Report Q42017

The Four Unicorns of Utah

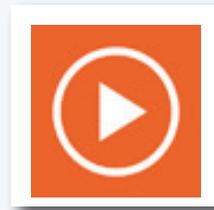
Venture-backed private companies valued at \$1 billion+.



Domo
Headquarters: American Fork
Sector: Software
Valuation: \$2 billion



InsideSales
Headquarters: Provo
Sector: Software
Valuation: \$1.5 billion



Pluralsight
Headquarters: Farmington
Sector: Business Services
Valuation: \$1 billion

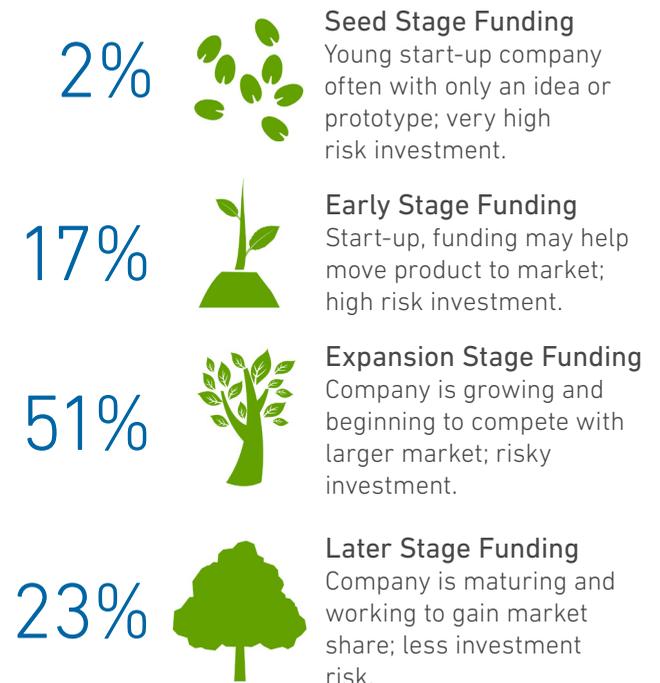


Qualtrics
Headquarters: Provo
Sector: Software
Valuation: \$1 billion

Source: Fortune.com Unicorn List 2016

When are Utah Companies Receiving VC Funding?

In 2017, Utah companies received \$818 million in venture capital investment. The majority of funding (51%) came at the expansion stage⁶.



Source: PWC, CB Insights Money Tree Report Q42017
Note: "Other" category (7%) not included.

Trends of Venture Capital Investment in Utah

Over the past several years, Utah has emerged as a large market for venture capital investment. The state's growing tech sector has attracted investors from all over the world and this trend looks likely to continue.

Utah-based venture capital funds continue to raise money in order to invest in emerging start-ups. While the amount of money raised declined from 2016 to 2017, Utah VCs raised roughly \$1.4 billion over the last five years⁴.

From the end of the Great Recession in 2009, venture capital investment in Utah companies has grown by roughly 450 percent, from \$149 million to \$818 million in 2017⁶ - nearly double the national rate. The number of deals per year has also more than doubled in that time period.

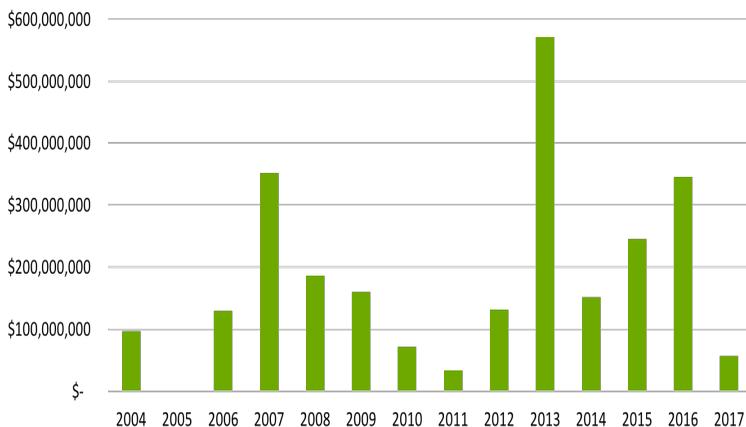
In keeping with national trends, both the number of deals and amount of investment have declined somewhat since a banner year in 2015, but venture capital investing continues to remain robust.

The timing at which Utah companies receive venture capital investment has changed somewhat over time. Before 2008 there was essentially no seed funding, or investment in early ideas. Seed funding has gained some ground since then, but it still remains the smallest stage of funding - this is in line with national trends. Most of the investment in Utah companies has been - especially in the last five years - provided at the expansion stage and later stage. This could be a by-product of what type of companies are getting funded and appetite for risk by venture capital firms.

The most notable change in venture capital investment in Utah has been the tremendous growth in the number of deals and funding for internet companies. In 2002, there were only two venture capital deals for internet companies in Utah, which received a combined funding of roughly \$3 million. In 2017 alone, there were 31 deals for internet companies and funding of \$567 million⁶.

Capital Raised by Utah-based VC Funds

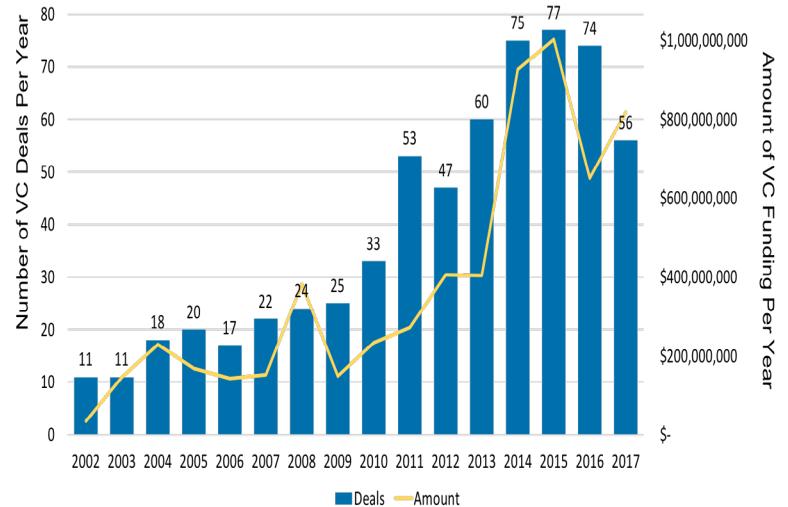
Utah-based VCs raised fewer funds in 2017, but nearly \$1.4 billion over the past 5 years.



Source: National Venture Capital Association, 2018 Yearbook

VC Deals and Investment into Utah Companies

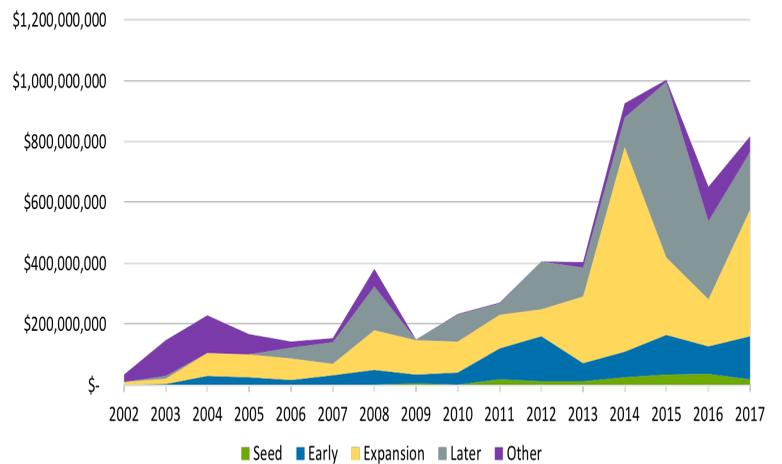
The number of VC deals and investment peaked in 2015.



Source: PWC, CB Insights Money Tree Report Q42017

VC Investment into Utah Companies by Stage

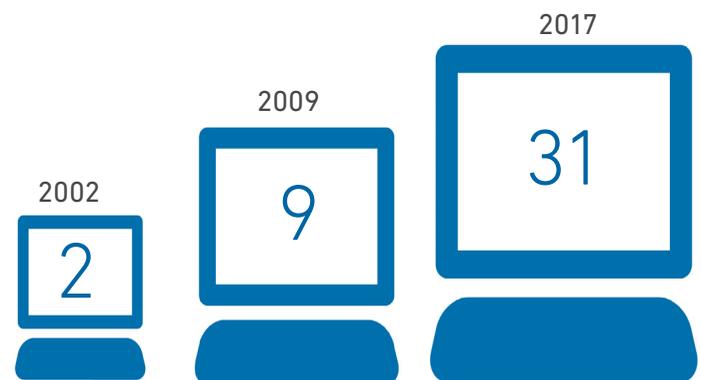
Most companies receive VC investment at the expansion stage.



Source: PWC, CB Insights Money Tree Report Q42017

VC Deals for Utah Internet Companies

There were 31 VC deals with Utah internet companies in 2017.



Source: PWC, CB Insights Money Tree Report Q42017

Major Capital Investments by County

Fiscal Year 2016 - 2018

1. Box Elder

Projects: 2
Capital Investment: \$118 million

2. Cache

Projects: 3
Capital Investment: \$11.6 million

3. Davis

Projects: 2
Capital Investment: \$29 million

4. Iron

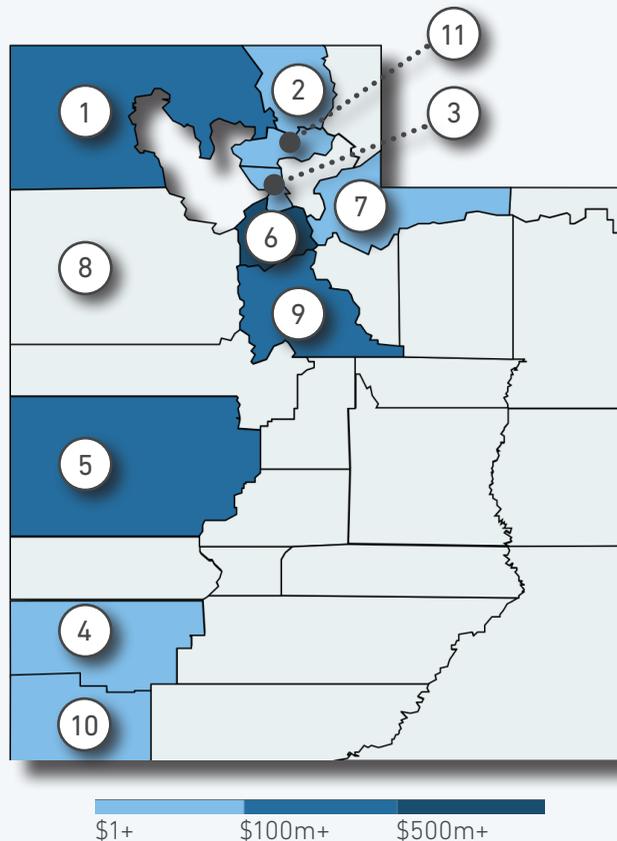
Projects: 2
Capital Investment: \$30.5 million

5. Millard

Projects: 1
Capital Investment: \$600 million

6. Salt Lake

Projects: 46
Capital Investment: \$1.6 billion



7. Summit

Projects: 4
Capital Investment: \$1.3 million

8. Tooele

Projects: 1
Capital Investment: \$0

9. Utah

Projects: 9
Capital Investment: \$261.6 million

10. Washington

Projects: 4
Capital Investment: \$69 million

11. Weber

Projects: 7
Capital Investment: \$54.9 million

Source: EDCUtah

Note: Data points are estimates based on projects worked on by EDCUtah and are only a portion of total capital investment in the state.

Capital Investment in Utah

Capital investments are business expenses used to build new structures, buy vehicles, acquire new equipment, etc., and are typically used to expand a company. Capital investments can be funded by venture capital, debt and/or equity sales, or other means.

From 2010 to 2016, total capital investments in Utah grew from roughly \$3.8 billion to \$5.2 billion⁷, representing a 36 percent increase. Investment growth did slow somewhat from 2015 to 2016, as compared to earlier years, but the trend remains positive.

The Economic Development Corporation of Utah (EDCUtah) assists companies looking to expand their Utah operations or relocate to the state. While not a comprehensive list of all expansions, EDCUtah has tracked at least 98 new capital investment projects over the last 3 years, representing nearly \$2.8 billion of investment into Utah communities⁷.

Sources:

¹U.S. Census

²CompTIA "Cyberstates 2018"

³Crunchbase.com

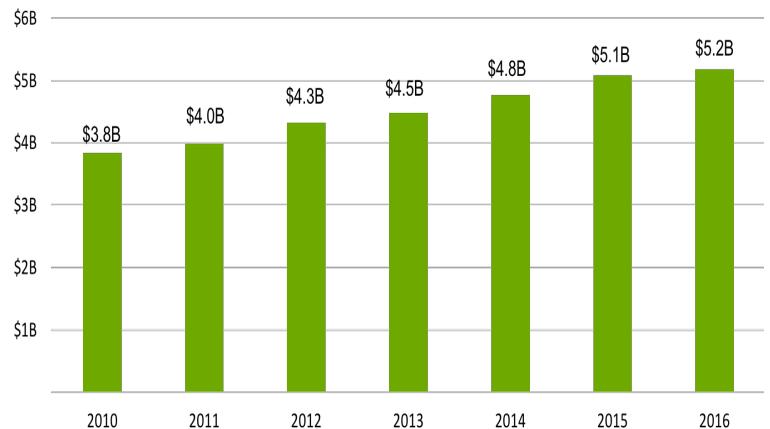
⁴National Venture Capital Association 2018 Yearbook

⁵PitchBook "The top 7 investors in Utah-based startups"

⁶PWC, CB Insights Money Tree Report Q42017

⁷EDCUtah provided data

Estimated Total Capital Investment in Utah



Source: EDCUtah



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