



2023 Semaphore Confidence Survey

[Click here for the 2022 results](#)

[Click here for the Semaphore Signals Blog with our commentary](#)

1. Choose one of the following descriptions that best represents you:

- a. 24% were from PE shops
- b. 38% were VCs
- c. 4% were Hedge Funds
- d. 10% were LPs
- e. 9% were operating executives
- f. 4% were Investment bankers
- g. 11% were third party vendors/advisors to the industry (lawyers, accountants, etc.)

2. Gender:

87% Male 11% Female 2% Gender X

3. In what top three industries did you make deals or work on in 2022?

- a. Enterprise Software, Healthcare and Artificial Intelligence are #1, #2 and #3
- b. FinTech was # 4 and Food was #5

4. In what top three industries do you expect to make deals or work on in 2023?

- a. Enterprise Software, AI and Healthcare were #1, #2 and #3
- b. Climate Tech was # 4 with Food and Life Science tied at #5

5. Please rate your confidence in ...*(neutral responses make up the % difference between confident and not confident)

- a. 56% were confident in their own business and only 4% were not confident
- b. 49% believed similarly in their industry with 11% not confident
- c. 32% were confident in their competitors with 18% not confident
- d. 10% had confidence in the US National economy with 44% not confident
- e. 4% had confidence in the international economy with 67% not confident

6. Please rate your confidence in...

- a. 80% have confidence in themselves with 20% not confident
- b. 72% have confidence in their CEO/Managing Partner with 7% not confident
- c. 41% were confident in their competitors' CEO/Managing Partner and 49% not
- d. 23% express confidence in President Biden, 53% are not confident in the President
- e. 51% have no confidence in Biden's economic team against 33% who are confident
- f. 0% of respondents had confidence in Congress with 71% expressing no confidence

- g. 62% had little or no confidence in US national tax and spending policy with only 4% expressing confidence
- h. State Government and Legislatures earned 24% confidence and 41% no confidence
- i. International respondents were 6% confident in their governments with 43% expressing a lack of confidence

7. In 2022 I earned personally:

62% earned more than the prior year, 23% less and 15% the same as 2021

8. In 2023 I expect to earn personally:

49% expect to earn more than they did in 2022, with 20% expecting to earn less, and 31% the same as 2022

9. Should currently favorable tax treatment of Carried Interest income be eliminated?

30% Yes 70% No

10. Did COVID-19 negatively influence my business activities in 2022?

27% Yes 73% No

11. Will COVID-19 negatively influence my business activities in 2023?

11% Yes 89% No

12. Should "Big Tech" platforms Amazon, Facebook and Google parent Alphabet be broken-up?

29% Yes 71% No

13. Is sexual misconduct, harassment and gender bias a problem in our industry?

69% Yes 31% No

14. Is structural racism an inherent problem in our industry?

55% Yes 45% No

15. Is the VC/managed investment community at all responsible for the FTX implosion?

70% Yes 30% No

16. Where our respondents live:

The top five states remained 32% California, 21% Massachusetts, 16% New York, 6% Texas, and 5% Washington DC and New Jersey, with Georgia, Florida, Colorado and Illinois each with 2%, and no other state represented more than 1%.

Canada represented 15% of international respondents, 14% UK, 7% Germany, 6% China and India, and 4% from France, Italy, Israel, and Singapore, 2% Australia, Brazil, and Switzerland. Multiple respondents, in descending order, were from Luxembourg, Spain, Philippines, Japan, Taiwan, Sweden, Ukraine, Columbia, Viet Nam, Nigeria, and single responses from 9 other nations.

Below is a representative sampling of comments organized by topic

General comments:

I told you last year the joke is on others not smart enough to be in our biz - not even a global pandemic or a market crash can kill us.

No thanks

I think we're about to see a lot of Fintech lending operations blow up in the next 12 months

You need to add a sector for venture lending/banking of emerging growth companies.

Interest rates are the story in 2023 and will fundamentally change the PE approach to multiplying EV

The survey could have been longer. You missed lots of questions. I would be happy to be quoted.

Let's lean-in on business and political integrity, conservatism, advocating for entrepreneurship, eliminating top down political bias and over-reach, advocating to reduce the size of Government at all levels, choosing most worthy candidates, China, protecting all proprietary product information, instituting American's First strategies, driving an energized re-focus and support for the best top-to-bottom education system in the world, strengthening global alliances, while continuing to be a global benevolent leader.

Tech/VC/Startups is directly correlated to the public markets, usually lagged 6months on the way down but 3months on the way up. Losses hurt more than gains and a lot of portfolios will not hold their value and be marked down in 2023. This will finally capitulate LP portfolios to better match their public investments and begin to balance allocations.

math is math

2023 will see an echo bounce of tech stocks seemingly coming back into vogue momentarily before yet another punishing drop in asset prices/multiple contraction

Comments on Investor Responsibility for FTX Implosion

I love saying "I told you so". Theranos was the tip of the iceberg. There are hundreds of VC funded startups that remain illegitimate fake hacks. Sam I Am is not the only fraud.

Behavior of a few bad actors

A little, they are lemmings. They follow a named investor who hasn't done diligence and call that checking the box. No adults in the room.

Total absence of responsible diligence, no requirement for basic corporate governance and then no follow-up. Shameful.

Complicit as hell

Terrible board structure and total lack of oversight.

Certain VCs do need to accept some blame, however - and seems to be doing so.

When a balloon pops from over-inflation, it's the fault of the one blowing it up.

Yes, but so what? All crypto investments are just casino bets, and have near zero relevance to the "real" economy.

cult of the founder, founder-worship, fetishizing non-conformity

VC's need to be more firm and reject founders who have these character traits. The era of the celebrity founder is over and discipline is back.

Only the firms involved directly

Fraud is fraud, I don't think VCs can be held responsible for everything. If it was kept a secret from all but 4-5 exec's at FTX, it's difficult to expect external investors to know the extent of their duplicity.

shark feeding frenzy, lack of due diligence, money laundering is the biggest

I believe it is too harsh to blame the community as a whole. A subset of the community got too excited and let themselves be fooled. The fact that they lowered their standards and cut corners is on them, not the community.

Obviously we fund these people, but there's a lot of amateur investors playing in the space. Diligence becomes harder and harder when you need to move quickly to get into rounds. The founder bears most of the responsibility for defrauding innocent people, but it's inherent in our jobs to bet on ridiculous ideas. It's not the first time and won't be the last, but if we take longer to do our diligence we lose out on the investment opportunity - it's a problem that will not be solved overnight and something venture folks don't lose sleep over. We do lose sleep over the port cos that are obviously affected by the fallout so it's not without its repercussions

No diligence, pure idiocy

IMHO in many cases thorough due diligence wasn't performed, plus there's a lack of experts

I don't like that this is a binary question. Are they responsible? Partly, but not solely. They should have done diligence. However, they cannot front the blame for someone's egregious actions. And herd mentality is real in the VC community. Fast term sheets became way too "in style" and too little diligence was done across that industry as a whole. I blame them for that part for sure. But it's also not their responsibility to be dialed in to the day to day of FTX. But they certainly should have been more involved than they were.

This is a clear case of fraud

SBF is a fraudster

They are only responsible for their investments into a bad company. They didn't manage or operate that company or commit fraud. They were defrauded.

Crazy people are going to do crazy things and some will get away with it, some won't

This is a SBF morality issue, not VCs

On Wall Street there are 10-20 Bernie Madoffs exploiting people every month. Many insiders know who there are or at least who to be weary off. SBF was no different but investors and supporters thought they could get in and out before any major criminal or financial discovery was made.

compromised standards due to FOMO

Large investors not doing due diligence

The VC industry bet big and hyped crypto big. And they failed to do diligence and exert Board influence to stop SBF. Yes, it's their fault.

Herding behavior and blind reliance with no fiduciary due diligence

majority of crypto is a scam... investors know but want to profit anyway

Absence of consistent deep-dive, pre-investment analysis

OMO is still a driving force in investment decisions

The lack of diligence is extremely glaring. Sure the market forces were driving that lack of discipline but industry stalwarts like Sequoia and A16Z set trends and precedent in ways that force others to follow.

Outside whatever do diligence they did or didn't do, they hyped up crypto as a savior which gave a false sense of security to countless people. By setting such a valuation benchmark, other investors/retailed followed the top tier leaders that basically was the blind, leading the blind

Only the specific investors are, not the entire community

He totally checked all the boxes except for the obvious one that didn't make the list. "would you invite him over to hang out?"

The investors enabled the behavior.

lack of diligence, chasing the hot thing that wasn't real

Terrible board structure and total lack of oversight.

When a balloon pops from over-inflation, it's the fault of the one blowing it up.

Yes, but so what? All crypto investments are just casino bets, and have near zero relevance to the "real" economy.

Comments on Racism in the industry:

Until interviewing is formalized and structured, it will remain a "good old boys" process where decision maker make snap-connections to people that look like them- oh you like to Golf? I also like to golf!

Again, isolated incidents get overblown.

Unconscious bias

YES

Despite progress, there is still a tilted playing field

I've been in the industry for over 35 years and frankly, it's obvious. Just look at the demographics and culture in most VC/PE firms, then look at the data. It's appalling.

Broadly this is increasing in awareness. It is impossible to really force, real change. As the world and society evolves, so will the industry.

Only in select cases

It's an issue in every industry, people always feel most comfortable doing business with people "like them" but education and thoughtful policies can help

we are all human

Any discrimination (intentional or not) will have a detrimental impact on the ability to drive cross-sectional representation in an industry and will disenfranchise many talented professionals.

I don't know about structural in that folks are trying to stay myopic in hiring but inherent bias toward hiring folks who "look like us" is real

there are still too many tech bros

Getting better

Ah another long question to answer. Of course it is an issue in our industry. Again, it will take time before change is made...and it stems so much farther back than just "recruiting diverse talent". We need to be encouraging folks of color (and women too) to be studying finance and related fields, then make them aware of opportunities like these, and that is how you can grow the talent pool entering this workforce. Again, it will take a generation I think. And there is no simple answer.

This is a woke survey

in our whole society

Overemphasized and splitting nation for political control

I believe that's an inherent part of human society, and it is our jobs to use our will and conscious thought to overcome these biases

Until interviewing is formalized and structured, it will remain a "good old boys" process where decision maker make snap-connections to people that look like them- oh you like to Golf? I also like to golf!

Again, isolated incidents get overblown.

Comments on Carried Interest:

Wrong solution to the target issue

Why give breaks to a small few

It made sense when VC funds were smaller and focused on building business over the long term, aligned with founders. Not so any more. Besides, there are alternatives that return that same alignment.

In VC, it is a key incentive that drives competition in the industry and brings people to it. Without carry tax treatment and QSBS in VC, I probably wouldn't take the risk. The trade off is too high.

This incentivizes investment in private companies in critical sectors of our economy

This would destroy much of the alternative investment industry

Interest rates up, inflation, recession; we don't need another hit.

Will wreak havoc on investment models. If passed, a workaround will be found that will put us back at square one.

he entire venture industry is predicated on a business model that is not simply salary. The harder you make it for the smaller folks to benefit/make money from a highly risk intensive industry, it will disproportionately hurt those that don't have many exits or a high management fee due to a smaller fund size. The barriers are getting higher and higher for new and emerging fund managers even though those that are benefiting the most are at most not entirely affected.

It's small \$ relative to massive loopholes that should be addressed first

If it is eliminated, there should be some run-off or start date for new funds vs. penalizing existing groups

Will simply increase the total expense ratio for LP's

The addition of greater taxes on the upper / middle class will not improve socioeconomic outlooks for all. We should be focusing the majority of our tax efforts on corporate tax loopholes and loopholes for the ultra high networth while working to balance the budget and reduce spending.

It should be modified to only apply to new, innovative businesses that are creating jobs.

Correct policy encourages investment

Carried interest tax treatment is still one of the core reasons that the quality of human capital (and accordingly, the volume of investment capital) flows into PE/VC and startups/small businesses instead of other categories.

It accounts for such a small amount of the budget and is coming into play when women and POC are finally starting to raise funds at scale - diminishing the potential for wealth creation that in turn may be invested back as angel investors or spent in the broader economy.

It's simply a leveraged return on capital at risk, subject to LTCG or STCG.

Lot's of other low hanging fruit to chase

the 3 year hold period is enough of a equalizing factor

Carried interest is a key incentive for investment. Killing it mortgages the future.

Investment manager needs to be incentivized.

I benefit from it but seems unfair

No viable reason to impact investment motivation

Tax break for a cohort that doesn't need it

Return on investment, not OI

It's personally good for me but I believe all the crazy carve outs in our tax code are net bad and we should be looking to simplify and eliminate them.

I am against all taxes, period.

It is a risky business. The winners are big, but the losses are big. Teh incentive for a dispassionate professional to risk assets on outliers requires incentives.

At a minimum, it should be phased out over a typical minimum fund life of 7 years

Because it's funny to watch the partners of my PE fund get triggered talking about it being repealed

Long time horizons required to make investments and long hold periods should have favorable tax treatment to keep money flowing into innovation.

It had helped create enormous wealth for our society.

We need fewer headwinds for growth and investment, not more.

Eliminate welfare for the least needy

because we'll just all move somewhere else

Comments on COVID-19 and Business:

Yes and no depending on portfolio investment

We're a "true" seed fund and did not shift our business model

Not in 2022. In 2021 it did.

We're an alternative investment platform and unimpacted by it

clients closed their businesses

We are a global fund, COVID is different in every market and thus affects certain businesses that are unable to fully operate.

We were up in all our businesses

Slower fundraising

As investors, we saw the brunt of COVID impacts in 2020 and H1 2021. in 2022, we saw large rebounds, especially in areas like hospitality and we saw market adoption speed up in other areas like supply chain and manufacturing.

PPP/EIDL provided capital to companies that we would have otherwise funded

It had no effect

It just created new opportunities

It was largely government hype to be ignored - and I did.

2022 was largely back to status quo for business. In some ways, our collective shrug at Covid in 2022 acted as an accelerant for revenue generation.

We're a "true" seed fund and did not shift our business model

I respect others feelings on COVID and I do my best to self regulate.

Covid is no longer a factor. It's dumb that you are asking about it.

Hopefully the global sentiment continues to improve, but the impact will still not be 0%

Not a thing any longer outside of some lingering supply chain issues and the subsequent inflation

There were winners and losers from the pandemic and I worked with both

in the areas that we invest, COVID is no longer making an impact. However, we will avoid the "fads" that COVID brought about such as vaccine mgmt software, remote work enablement, and video collaboration solutions.

It has become an annual Flu we all have to deal with.

Covid is rear view mirror. Vax or no vax life goes on.

The government hype will continue to fade - thank God!

Covid as a blocker is over.

Comments received re. sexual misconduct, harassment, and gender bias:

Not as long as there are proper safeguards to prevent predatory behavior, the market should take care of them.

It is a HUGE issue. The only way to really make a difference is by addressing our systemic core beliefs. Educate people, especially children in age appropriate ways at schools to respect others feelings and beliefs and to be respectful of those different. No perfect solutions.

It's human nature, so I don't feel it's possible to ever fully address, only to put safeguards in place and continue to improve

man is sinful

These are systemic and cultural issues, but I believe that greater awareness is driving change.

I'm a female fund manager and at any venture conference I've ever been to, the first question asked is what my role is. Not what are we investing in or anything asked to my male counterparts. I've started telling people I'm an admin assistant so I can stop talking to these people sooner lol.

There are still too many tech bros

Gender bias certainly

At my previous firm, I was the first female hired on the investment team (for a firm that had been around since late 90s). I was quite literally told by HR (in a business environment) that I dressed "too attractively" and that "on a team of all males, I should only want to be remembered for my brain". This was in my first 6 weeks of work. As time went on, I learned that several partners had affairs with (now former) executive assistants. It's really difficult to answer "how should this be addressed" when considering that this is a culture that is incredibly difficult to change, and will be somewhat slow to change, especially when management / those in a position of power are the perpetrators. I believe the best course of action is for us to make work decisions according to culture (aka I left that team and joined another firm). Now that I am no longer entry-level and am moving up the ladder, I am really dialed in to make sure / do my best to make sure, things like this

don't happen at my firm. We need to make a culture that girls / women / others feel they have someone they can sound the alarm to if need be without repercussions. I really like anonymous reporting software tools for this.

Old habits die hard. Until there is a standard by which to operate by, they will persist.

In America everyone has a shot

Perhaps, but as a female I don't personally see it

Bad Actors in all industries and walks of life we are no different

Because I have started to watch for it, and I see it regularly. Bias is hard to deal with, but misconduct and harassment are easily defined, measured, and prosecuted.

We are in a period of overreaction!!

Our firm and industry have put a concerted effort in ending those practices

Our team is almost entirely male and even though it's a priority to change that we've had very little success to date.

Significant gender bias still exists, but addressing it requires on-the-ground effort by investors

I don't see it.

The distraction of this in the current economic situation will be a headwind to the difficult decisions that will need to be made.

Isolated incidents should not criminalize an entire industry.

Statistics show it's a systemic issue. Continuing to shine a light on it plus education will hopefully eliminate the implicit bias.

I've heard the stories. And continue to hear them.

the best people will find a way in and figure out how to win despite systemic obstacles

Commentary on the breakup of Big Tech:

Tech companies are under threat more than ever from new entrants

Remember Standard Oil and Ma Bell?

It's up to the market and their shareholders to decide this.

You just listed three "big tech" platforms that are in some form of competition with each other. There are many other industries with less competition than "big tech"

Platform businesses achieve scale by merit of their model not anticompetitive practices, I don't think breaking these businesses up are necessarily better for the consumer

unfair control of markets, operate like governments and make decisions with negative impact to US citizens

Can't see what it would accomplish.

Regulation is better than break-up

it's a populist buzzword. What would it accomplish?

innovators dilemma will hit them eventually

Competition / shareholder pressure will unwind them naturally. I think we'll see a breakup of a major tech company in the next 3 years (Amazon is my bet)

Bad signal in a down market

Not broken up, but limited via antitrust scrutiny in the acquisitions they make going forward.

Monopolies do not allow for new, more creative competition

Let market forces be the ruler

They will succumb to their own arrogance

Slippery slope

Bigger is better. It represents American dominance.

I don't think the government should draw those lines precisely. I think the government should create incentives for them being smaller and let them make the decision that is best for them.

The issue is less size than cross-sharing data. Separating Google will improve the ad ecosystem. Separating FB will reduce its malinfluence. Separating Amazon will enable better competition.
1/10/2023 12:04 PM

they should be regulated especially app stores

Too much partisan impact; stifling innovation

It's un-American to break up companies just because they succeeded and dominated

Too much power, monopolistic behavior

It's silly to think we can predict the flavor and style of innovation. Tik-Tok is a great example of a company that is doing remarkably well by changing the competitive dynamic between itself and

Meta. Breaking up big companies assumes startups aren't innovating in ways that create orthogonal threats to existing markets.

The market will take care of it

This will negatively affect the entire world, not just tech. Most of Amazon's businesses are not profitable on their own, AWS etc allows them to run at a loss which is unfair but keeps costs lower. Facebook is old and bet the house on VR/metaverse, while their ad rev slows, similarly to Google. Breaking them up with also significantly reduce startup M&A which has already been basically stopped due to anti/monopoly reasons as well that negatively affects VC exits and what they plan to invest in. It's a big game of dominos

Depends -- but they're all too large

Who can run them efficiently? Musk can't find someone to turn twitter over to in a virtual dictatorship he doesn't want. How are the big tech oligarchs going to decide how to do this in a firesale?

Tone down Scott Galloway and that's probably where I would position my thoughts

I don't care

Social media should be regulated more for national security.

It's largely noise from Democrats - who are economically ignorant.

What would be the point?

They have too much power and influence for the public good

Semaphore takes over troubled Private Equity, Venture Capital, and Hedge funds on behalf of Limited Partners. Semaphore currently holds fiduciary obligations as General Partner for eleven funds, is a New Markets Tax Credit provider, and advises General and Limited Partners around the world. Semaphore's corporate headquarters are in Boston with offices in Barcelona, Dallas, London, Luxembourg and New York.