

# Social Media Mavens (Part II): The 10 Most Influential Technology Venture Capital Firms Online



## The 10 Most Influential Venture Capital Firms Online (Overall Score)

Overall Rank	Venture Capital Firm
1	Accel Partners
2	First Round Capital
3	Greylock Partners
4	Bessemer Venture Partners
5	Highland Capital Partners
6	DFJ
7	Benchmark Capital
8	Index Ventures
9	Union Square Ventures
10	The Founders Fund

It's no secret that in the few years since its infancy, social media's reach has spread far and wide. Facebook, which as of April 2012 claimed more than 900 million users globally (as well as 3.2 billion daily comments), is perhaps the ultimate case in point.<sup>1</sup> An important side effect of this proliferation is that social media has evolved to a powerful marketing and communications tool that is being used by more B2B businesses every day. Venture capital firms, while not all avid Facebook users, are no exception. Many have become adept at using social media and other online channels to amplify their messaging, create opportunities for interaction and networking, and enhance their overall brand. When it comes to optimizing their use of these tools, however, like many other B2B businesses, they face a substantial learning curve.

The stakes are also higher than ever before. In 2012, companies are expected to spend more of their marketing and advertising dollars online than in print for the very first time. Some businesses that just a few years ago were dedicating an average of 8 percent of their marketing budgets online plan to spend an average of 36 percent in 2012.<sup>2</sup> Simply put, more and more companies are investing significant portions of their budget toward social media.

1. United States Securities and Exchange Commission, April 23, 2012 Facebook S-1 Filing <http://www.sec.gov/Archives/edgar/data/1326801/000119312512175673/d287954ds1a.htm>.

2. Econsultancy, "2012 Marketing Budget Reports," February 2012.



Keenly aware of these trends, members of the venture capital community are working hard to expand their influence using a variety of social media tools. They are increasingly using social media and other online tools to build brand awareness and differentiate themselves from other firms by communicating their story, successes, and ability to help startups succeed. As venture capital firms rub shoulders online with entrepreneurs, knowledge is also being shared and new ideas are emerging faster than ever. Precisely how these firms choose to leverage these channels can make a huge difference in how far they extend their reach and influence.

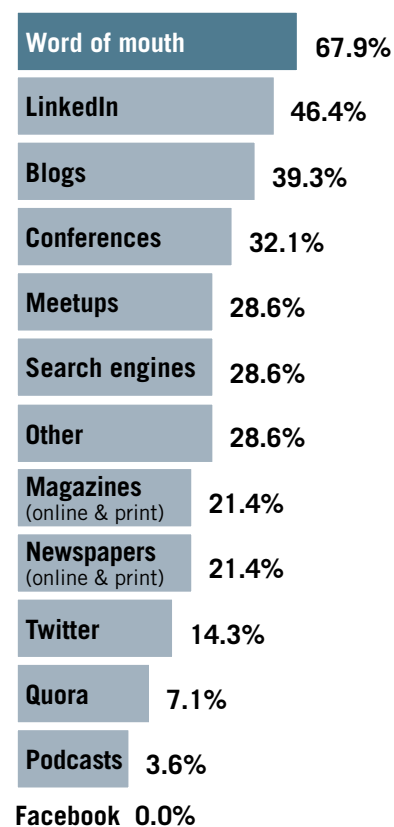
In a companion report entitled “[Social Media Mavens: A Look at the Top 10 Technology Venture Capitalists on the Web](#),” OpenView Venture Partners examined the strategies technology venture capitalists are using to enhance their online presence. This report takes a similar look at an array of standout practices that help distinguish technology venture capital firms online. As our earlier report illustrated, leading venture capitalists are using a variety of social media best practices to not only enhance their personal branding, but also promote and expand the entire venture capital community. This report will show how that approach helps distinguish the leading venture capital firms as well.

## BEHIND THE ANALYSIS

OpenView Venture Partners examined what it deemed to be the top 30 technology-focused venture capital firms in the United States.<sup>3</sup> We then surveyed the subscribers to our weekly newsletter — distributed to more than 11,000 CEOs, entrepreneurs, and startup professionals — to learn what sources they used to find information on funding opportunities and investors for their companies, with respondents selecting their preferred online tools from a list of commonly cited mediums. The results are listed in Figure 1.

The majority of these mediums were ultimately discarded due to their relatively limited online presence (reducing their ability to extend influence), the small number of people willing to use them as regular sources of information, or their limited use by technology-focused venture capital firms. Indirect influence channels such as publications were also excluded, limiting the focus to direct online influence mediums. The three tools that remained — websites,<sup>4</sup> LinkedIn, and Twitter — thus emerged as the most important for measuring venture capital firms’ online influence.

**Figure 1: Sources of Information on Investors**



3. OpenView was excluded from this list to prevent any unfair bias. Accelerator firms were also excluded as their business models rely heavily on inbound inquiries and applications. As a result, the nature of their business drives significantly more traffic to their websites and social media channels.

4. For the purpose of this analysis, we considered search engines and blogs to be part of the website channel, as venture capital firms rarely operate a corporate blog that is separate from their website. However, many venture capitalists operate independent blogs to build their personal brands. Such independent blogs like Brad Feld’s “Feld Thoughts” have been excluded from this study.















*“Although there have always been numerous barometers for measuring the success of a venture capital firm, in today’s world, their fluency in social media is becoming an increasingly important one. To be a part of the conversation with entrepreneurs, they need to fully utilize the power of social channels.”*

Brian Zimmerman, Managing Director, OpenView Venture Partners

OpenView researched each channel to determine the measurable factors that could be used to determine or approximate reach, impact, and efficiency, as these were determined to be the three inputs that define influence. In some instances, there was not a sufficient parameter to measure or approximate one or more of these factors, so we excluded the factors from our analysis.

**Figure 2: The Impact of Social Media Channels**

Websites	Reach	Impact	Efficiency
Alexa ranking			
Number of unique visitors			
LinkedIn			
Company followers			
Number of members involved in firm-managed groups and communities			
Twitter			
Online influence within the VC community, as measured by Klout score			
Net followers			
Number of followers per Tweet			
Number of times listed			

To determine the 10 most influential technology venture capital firms online overall, the rankings for each medium were used to calculate an overall aggregate influence score. For more specific details about the algorithms used to calculate the scores for each medium, as well as for the overall rankings, please see the appendix of this report on page 9.

## THE MOST INFLUENTIAL VC FIRMS ONLINE BY CHANNEL

While there is no one-size-fits-all approach that describes the online marketing strategies the top 10 technology venture capital firms ranked in this report use, there are some common denominators. For example, the most successful firms in the venture capital industry make their online presence an important component of the entrepreneur community by providing business advice through their content or becoming an online platform for startup job searches. The firms singled out in this report also recognize that each medium has its own particular strengths and play to them. In addition, cross-promotion from one channel to another helps the channels contribute to the power of each other. In this section of the report, we show how the top venture capital firms use websites, LinkedIn, and Twitter to extend their reach and build their influence across the venture capital and entrepreneur community.

### WEBSITES

#### The 5 Most Influential Technology Venture Capital Firm Websites

Ranking	Venture Capital Firm
1	Kleiner, Perkins, Caufield & Byers
2	First Round Capital
3	Accel Partners
4	Union Square Ventures
5	The Founders Fund

Although websites are hardly new, the role they play in business today is very different from the earlier days of the Internet. Websites are no longer just a digital version of a company's sales or marketing brochure; rather, websites have evolved into the hub of a company's content and online brand strategy. The rise of social media and the growing prevalence of mobile search have injected new purpose into websites and highlighted the importance of using them strategically and making them visitor friendly. Visitors have grown increasingly impatient with poorly organized sites and will often turn to directories and other channels to learn about a company if they cannot find the information that they are looking for immediately after accessing a webpage. With so many options available to find information, quickly capturing a visitor's attention is essential.

It's not difficult to recognize — and navigate — a best-in-class website. Within a few seconds of arriving at a top venture capital firm's site, visitors will see what the firm is all about, how it operates, and what sets it apart. Content and design work together to help optimize the visitor's experience. Layouts present concise viewer-friendly content that recognize the viewers' need to find what they are looking for quickly and easily, without having to sift through vast amounts of content.

Above all, top venture capital firm websites make it easy for visitors to recognize whether or not the firm is a good fit for them. To do so, these sites are inviting, personal, and engaging, and clearly spell out what the firm is looking for in a potential portfolio company.

Lastly, smart website design recognizes the importance of anticipating how to garner the best rankings among leading search engines, as this affects the number of individuals who will be exposed to a company's website.

## Website Best Practices in Action

Here are some examples of the techniques the top five and other leading venture capital firms are using on their websites:

**Union Square Ventures** sets out the company's investment criteria on its home page. As a result, visitors know exactly what the firm is looking for, making it easy for them to self-select, while deterring those companies that are not a match from pursuing deal discussions that would waste both parties' time.

**First Round Capital** uses a similar technique, letting its visitors know, for example, that it is looking for early stage, capital-efficient, unique solutions to existing urgent needs that can operate in familiar markets, and that it deploys strong teams with repeat entrepreneurs.

**Kleiner, Perkins, Caufield & Byers** operates a diverse portfolio of venture funds, but has created a website that lets its visitors glean what it does and how within their first few seconds on the site.

**Benchmark Capital** personalizes its website by including the entrepreneurs it has worked with as a part of its team, and identifies the point person for each contact in its team profiles. Similarly, **First Round Capital** presents a collage of the entrepreneurs it has funded with linked profiles.

**Accel Partners**, **Union Square Ventures**, **Founders Fund**, and **First Round Capital** recognize that they are at the nucleus of startup recruitment and have transformed their jobs pages into major recruitment destinations by offering robust, user-friendly pages with interactive search functionality that can accommodate large incoming search volumes.

**First Round Capital** reinforces its job page with a weekly newsletter about key job opportunities; **Union Square Ventures** and **Founders Fund** enhance their job pages with RSS feeds. Both techniques enable these firms to push job opportunities out to their job page visitors and entice them to visit the page more frequently. Doing so boosts the job page audience's engagement level and increases the benefits that their job pages provide to their portfolio companies.

**Bessemer Venture Partners** includes an IPO meter on its home page, to help visitors track its successes.

**Matrix Partners** includes testimonials from successful entrepreneurs describing their experience of working with partners. Again, this helps personalize both the firm and the site. Another approach to this technique can be seen in the holiday videos **First Round Capital** has produced since 2008 that demonstrate the strong personal and professional bonds that their partners build with their portfolio companies.

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## LINKEDIN

### The 5 Most Influential Technology Venture Capital Firms Using LinkedIn

Ranking	Venture Capital Firm
1	Sequoia Capital
2	Intel Capital
3	Greylock Partners
4	Accel Partners
5	Bessemer Venture Partners

LinkedIn is strongly differentiated from other social networking sites because its focus is limited to the business and professional community. Since its launch in 2003, the site has grown into the largest professional network in the world with more than 150 million subscribers representing more than 2 million businesses.<sup>5</sup> With availability in 17 different languages, LinkedIn serves as a business and professional directory, as well as a recruiting platform and search tool, a community and network facilitation tool, a question and answer forum, and a content sharing platform.

Venture capital firms use LinkedIn for a variety of reasons, including to:

- Develop brand awareness among the entrepreneur community.
- Facilitate open functional or industry forums to incubate ideas and demonstrate leadership in a functional or industry area.
- Facilitate online communities for their current and alumni portfolio companies, allowing them to fully leverage the value of their network.
- Publicize internal and portfolio job opportunities, utilizing LinkedIn as a tool to identify talent.
- Keep their target audience abreast of what's going on with the company.
- Collect alumni testimonials to support the company's success stories and inform entrepreneurs what it is like to work with their firm.
- Start fostering relationships with new companies and entrepreneurs of interest.

### LinkedIn Best Practices in Action

Here are some examples of the techniques the top five venture capital firms on LinkedIn are using:

**Intel Capital, Accel Partners, and Greylock Partners** feature an active news feed on their companies' overview page. By using their LinkedIn profile pages to cross-promote their content and news, these firms build traffic for their websites and other media channels.

**Sequoia Capital** promotes the capital services it provides via a dedicated services page on LinkedIn. This technique enables followers to recommend the firm and allows them to gain an understanding of what the firm does without having to visit its website.

5. <http://press.linkedin.com/about>

**Greylock Partners** facilitates a series of closed groups for its portfolio company employees to network through. These include a talent group, an executive group, and a marketing group.

**Sequoia Capital** offers a similar set of groups to its portfolio companies. This tactic enables these companies to exploit their size and foster collaboration among their portfolio companies.

**Bessemer Venture Partners** uses the LinkedIn Updates to share important status updates with their followers and keep them informed of what's going on with the firm. This type of cross-promotion helps drive target audience engagement with the firm.

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## TWITTER

### The 5 Most Influential Technology Venture Capital Firms Using Twitter

Ranking	Venture Capital Firm
1	Sequoia Capital
2	First Round Capital
3	Union Square Ventures
4	Accel Partners
5	Greylock Partners

It's remarkable what 140 characters can convey. Since its inception in 2006, Twitter has become a major tool that entrepreneurs and venture capitalists turn to for information about venture capital firms and investment opportunities. In a community where reach and influence are a hot currency, Twitter makes itself a very valuable tool. For example, it tracks how many subscribers follow a user's Twitter feed, the volume of tweets sent per user, how often a particular tweet gets retweeted, and the number of times a tweeter is listed by fellow users.

The top-ranked venture capital firms first exploit Twitter's capabilities to brand their partners and subsequently the firms themselves. This approach not only emphasizes Twitter's outreach capabilities in general, but also its personal touch.

Leading technology venture capital firms can provide an array of useful lessons from their experience with Twitter, including the following:

- Twitter can be especially useful to drive engagement on other online channels. For example, firms may use Twitter to announce that their venture capital partners will be participating at a particular event or activity.
- Similarly, firms may also use the channel to announce new content or firm news to their followers that might otherwise go unnoticed.
- Predictability and appealing detail (including human interest and pictures) help distinguish a must-follow Twitter stream from one that is middle-of-the-road.
- Hashtagging keywords in tweets enhances its searchability, making them easier to sift through and improving the content consumption experience.

## Twitter Best Practices in Action

Here are a few examples of the techniques the top venture capital firms on Twitter are using:

**Sequoia Capital** posts a job of the week that it posts into its feed, which helps drive engagement for its job page on its website.

Similarly, **First Round Capital** and **Greylock Partners** use their Twitter streams to promote important portfolio company job openings.

**Union Square Ventures** has used its corporate Twitter feed to show that its corporate interests are in-line with those of the entrepreneur community. For example, they have used their corporate Twitter feed to back the anti-SOPA movement and to fight the Protect IP Act.

**Accel Partners** uses its corporate Twitter feed as a hub for all people and companies that are connected through its network. For example, the feed announces upcoming events that its community of entrepreneurs will be speaking at, highlights important job openings in its portfolio, and congratulates its companies on major milestones. This helps demonstrate the wide reach of its portfolio and its tremendous success. It also is used to foster communication between entrepreneurs and to drive engagement with partners.

**First Round Capital** regularly posts images of its team at work with its portfolio companies and pictures of its partners' activity in the entrepreneur community. This practice demonstrates the bond that the firm and partners create with the companies they invest in and shows the firm's ties to the greater entrepreneur community.

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## EXPANDING THE CONVERSATION ACROSS MULTIPLE CHANNELS, MULTIPLE LEVELS

The leading online influencers among venture capital firms understand that, when it comes to expanding influence and reach, it makes sense to fully exploit the unique advantages of each channel and engage in robust cross-channel marketing. They also recognize the importance of personalizing their companies, both to showcase (and define) their culture and to demonstrate the working relationships with entrepreneurs.

With mobile devices growing rapidly in popularity, these firms are looking for ways to meet users' preferences and needs (such as information about job and career opportunities), while at the same time capitalizing on these approaches as useful branding techniques. In a real sense, the online marketing efforts of the top venture capital firms reflect everything these companies do to advance their business: operate on multiple but interrelated levels, build communities and networks of interactive connections, and ceaselessly view every chance to invite and engage as a branding opportunity.



## APPENDIX

To rank venture capital firm online influencers against one another in each online channel, OpenView used the following methodology:

### Websites

An aggregate score was calculated for each venture capital firm using the following algorithm; they were then ranked in ascending order.

$$\text{Aggregate Website Performance Score} = (70\% * \text{Alexa Ranking}) + (30\% * \text{Unique Visitors Ranking})$$

Notes:

- The Alexa Ranking and the Unique Visitors Ranking are both ordinal rankings of the firms considered for each of these metrics.
- Intel Capital has been excluded from this ranking component because the unique visitor count available was only for intel.com and not the Intel Capital sub-domain.
- Venture capital firms that incorporate their blog as part of their website will be artificially ranked higher in terms of total traffic and Alexa score because visitors are coming to the same place to read blogs as well as learn about the venture capital firm. This analysis does not attempt to correct this inherent bias in the analysis.

### LinkedIn

An aggregate score was calculated for each venture capital firm using the following algorithm; they were then ranked in ascending order.

$$\text{LinkedIn Aggregate Score} = (85\% * \text{Company Profile Rank}) + (15\% * \text{Group Rank})$$

Notes:

- Company Profile Rank is an ordinal ranking of the firms based on the number of followers each firm's LinkedIn profile has.
- Group Rank is an ordinal ranking of the firms based on the combined number of LinkedIn users involved in all of a firm's managed groups and communities.
- We applied a lower weight to LinkedIn Groups because none of the venture capital companies that we analyzed had very active and engaging groups, so we thought it was unfair to make the minimal presence that a few companies had account for a large percentage of the overall LinkedIn ranking. Similarly, we have not accounted for presence in LinkedIn Answers because none of the firms that we analyzed actively use LinkedIn Answers.

### Twitter

To rank firm Twitter handles against one another we first stack ranked Twitter handles on the following four metrics and assigned a weight to each component:

1. Klout Score - 40%
2. Twitter Net Followers - 10%
3. Number of Followers Per a Tweet - 10%
4. Number of Times Listed - 40%

Each factor ranking is then multiplied by its weight in the following algorithm and the resulting total aggregate score was then ranked in ascending order to produce the final rankings.

$$\text{Tweeter Aggregate Score} = (\text{Klout Score} * 40\%) + (\text{Twitter Net Followers} * 10\%) + (\text{Number of Followers Per Tweet} * 10\%) + (\text{Number of Times Listed} * 40\%) + 2.0 \text{ Penalty for Low Tweet Volume} + 1.0 \text{ Penalty for Over a Week of Inactivity}$$

Notes:

- Klout Score is a 100-point index that measures online influence in terms of true reach, amplification, and network impact.
- Net Twitter Followers refers to a Twitter user's followers minus the number of followers that the user follows.
- Number of Times Listed refers to the number of users that have categorized a given user into a targeted list of tweeters that they can follow in a separate feed. This is an important metric because it is a good proxy of the number of users that actually read an individual's tweets.
- 2.0 points are deducted from the aggregate score if total number of tweets is less than 100 or last week's tweet total is less than 7.
- 1.0 point is deducted per week of inactivity.
- For companies with multiple corporate accounts, the most utilized account was used for these rankings.

### Aggregate Score

An aggregate score was calculated using the following algorithm; they were then ranked in ascending order:

$$\text{Online Influencer Aggregate Score} = (\text{Twitter Ranking} * 11.5\%) + (\text{Website Ranking} * 53.9\%) + (\text{LinkedIn Ranking} * 34.6\%)$$

Notes:

- Accelerator companies like TechStars and Y Combinator were excluded from this analysis because these businesses require a very different type of web presence in order to attract applicants to their programs. Consequently, it does not make sense to compare them against actual venture capital firms. OpenView was also excluded from this analysis to avoid any unfair biases being introduced into the analysis.
- The weights assigned to each online medium were based on a survey that OpenView Labs conducted with 28 entrepreneurs to learn about where individuals learn about potential investor(s) and funding opportunities for their company. See Figure 1.



To learn more about how OpenView Venture Partners can help accelerate your success, contact us at (617) 478-7500 or e-mail [info@openviewpartners.com](mailto:info@openviewpartners.com).