

Silicon Valley VCs predict the top trends for 2012



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We asked Silicon Valley's best and brightest venture capitalists to help illuminate which trends will shape the coming year. Their answers may surprise you.

If the venture capital community has anything to do with it, this time next year, you'll be monitoring your blood pressure with your iPhone, recruiting helpers from the Web to help around the house, and automatically receiving coupons for free coffee at your destination the next time you board a train.

In Silicon Valley, entrepreneurship is the engine that is driving jobs creation and stimulating economic growth. We are in the midst of a "second bubble," that is showing no signs of bursting anytime soon.

Terry Opdendyk, a venture capitalist with more than 30 years of investing in tech companies, said the global recession had produced a climate that is ripe for innovation. "This is the best time in history to be an entrepreneur," he explained. With a wealth of investment opportunities in every space, it's an even better time to be a VC.

Tech tycoons are remarkably aligned on the trends for 2012. There are the buzzwords you hear again and again, "mobile," "gamification", "cloud" and "social", which are being incorporated into every pitch. We asked partners from some of Silicon Valley's most prominent firms (including [ONSET Ventures](#), [SV Angel](#), [GC Seed](#), [Morgenthaler Ventures](#) and [Bessemer Ventures](#)) which categories are set to explode in 2012. Here's what they said.

Healthcare

While our political leaders have been duking it over out-of-control healthcare costs out in Washington D.C., Silicon Valley has been busy investing in its own remedies to the problem. Founders are in the process of beta-testing technologies that will disrupt every aspect of the status quo, including patient management, medical devices and health insurance.

At this year's Health 2.0 conference, a meeting of the minds gathered to discuss the future of healthcare. In an [article](#) for Huffington Post, Dave Chase noted a dramatic spike in attendance, but said he felt dismayed by the misguided radicalism of some of the ideas. Chase's observations are nothing new; entrepreneurs are just beginning to understand how to take on momentous challenges in the healthcare space. However, Silicon Valley's VC community is confident that a suite of technologies will emerge to address patients' most imminent needs. Opdendyk said he would continue to invest in medical devices that provide lower-cost and lower-risk alternatives to the most common procedures.

"I believe all the pieces are in place for the healthcare sector to undergo the kind of transformation that financial services went through 15 years ago," said Rebecca Lynn, a partner at Morgenthaler specializing in Health 2.0. "With cloud computing, smart phones, Web technologies that enable sharing on a massive scale, and creative government programs like 'Open Data,' the healthcare sector will be revamped over the next few years," she added.

Why? While there are plenty of startups in this space with more smoke than substance, there are bound to be some huge successes that will yield billions of dollars. Health IT will definitely be a space to watch in 2012.

Ones to Watch: [Healthtap](#), [Vertos Medical](#), [Avado](#), [Skimble](#), [Patientslikeme](#), [23andme](#)

EdTech

In Silicon Valley, education technology is the "hot" space, thanks to major boosts in funding for initiatives in the previous year. In a twist, administrators and teachers have become outspoken advocates of technology's role in augmenting the classroom experience. Typically tech averse, they have been won over by the sweeping promises of the gregarious founders in the space.

Why the shift in attitudes to embrace technology? "We took our social lives online, and now are beginning to entrust the Internet with our professional and academic lives," said Ethan Kurzweil, vice president of Bessemer Ventures.

For this reason, education presents the most exciting opportunity for many investors in 2012; those interviewed provided an exhaustive list of nonprofits and for-profit companies that aim to transform the way we learn.

Why? We are still in the early innings; the big players will focus their energies on reaching students in college and high school. In 2012, the vast majority of startups will not take on the crises in the public school system. Instead, they will improve education outside of the classroom by offering access to test prep, mentorship, tutors, easy-to-use multimedia tools and webinars.

Ones to Watch: [Khan Academy](#), [Grockit](#), [Piazza](#), [Course Hero](#), [Codecademy](#), [Skillshare](#), [Tutorspree](#)

Data science and "Big Data"

In Silicon Valley, investors are keenly aware that every time you open your browser, you leave megabytes of data in your wake. In 2012, the explosion of real-time and social data will create an enormous opportunity for entrepreneurs.

"A very big chunk of it is unstructured," said Nikolaos Bonatsos, an early stage investor at GC Seed. "The ways we store it (databases), make sense of it (analytics) and see it (visualization) need to be revised."

Why? We create a vast quantity of data every minute that can be manipulated in useful ways. The winners in this somewhat crowded space will provide actionable insights into consumer behavior that can be leveraged by big brands.

Ones to Watch: [Socrata](#), [Palantir](#), [Addepar](#), [Hortonworks](#), [CitiusData](#), [Relevant](#)

Consumerization of the enterprise

Employees are accustomed to clean, user-friendly applications in their personal lives, and have begun to expect the same from enterprise tools. As a result, they will use consumer-focused applications for their business needs in 2012.

Evernote, a multi-platform note taking application, is the perfect illustration of this trend. Sixteen million people better organize their personal lives with this mobile application. It's no surprise that these users are dragging Evernote to their workplace. The tech startup will adapt their offering to the enterprise, while maintaining the features that drove its early success.

Why? The line between our professional and personal lives is blurrier than ever. Cloud computing has enabled tech companies to deliver their services for less with feature-sets that are increasingly commoditized.

Ones to Watch: [Evernote](#), [Box](#), [Socialcast](#), [Survey Monkey](#), [Yammer](#), [Dropbox](#)

Collaborative consumption

There has been a rapid explosion in swapping and renting that shows no signs of slowing down. A personal favorite is Kickstarter, which uses the power of crowdsourcing to fund creative and entrepreneurial projects.

Whether it's our cars, homes, clothes, or even our spare time, the Internet has stepped in to facilitate the sharing process. Is this a "we", rather than a "me" generation?

The recent backlash to Airbnb when a user's [home was trashed](#) illustrates that we don't completely trust these services to safeguard our treasured possessions, let alone ourselves. In 2012, the most successful services will communicate a "safety first" message to win over new sectors of the market.

Ones to Watch: [Airbnb](#), [GetAround](#), [Rentcycle](#), [Zipcar](#), [Kickstarter](#), [Task Rabbit](#)

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