

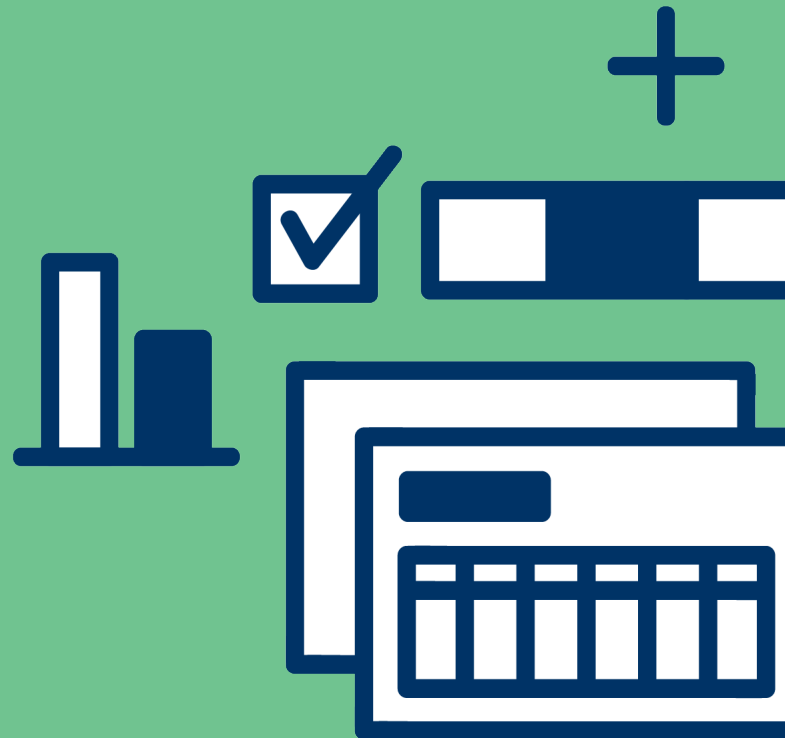
 CBINSIGHTS

Artificial Intelligence

IN NUMBERS

Q2 2021





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CB Insights helps the world's leading companies make smarter technology decisions with data, not opinion.

Our Technology Insights Platform provides companies with comprehensive data, expert insights and work management tools to drive growth and improve operations with technology.

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“CB Insights helps us compress our time-to-decision when gathering and analyzing data and getting an external view on what's happening in the market so we can quickly take action.

Meraj Mohammad

Vice President, Ventures Group, ADP





What you need to know about AI in Q2'21

AI funding reaches a record-breaking \$20B+

The AI market saw record funding in Q2'21, despite a drop in deals. This was driven by 50 mega-rounds (deals worth \$100M+), a new high.

Healthcare remains the top industry for AI deals

Healthcare AI continued to have the largest AI deal share, accounting for 17% of all AI deals in Q2'21.

Record number of new AI unicorns

A total of 24 private AI companies reached \$1B+ valuations for the first time in Q2'21. This shattered the previous record of 18 new AI unicorns in a single quarter, set in Q1'21.

Early-stage deal share trends down

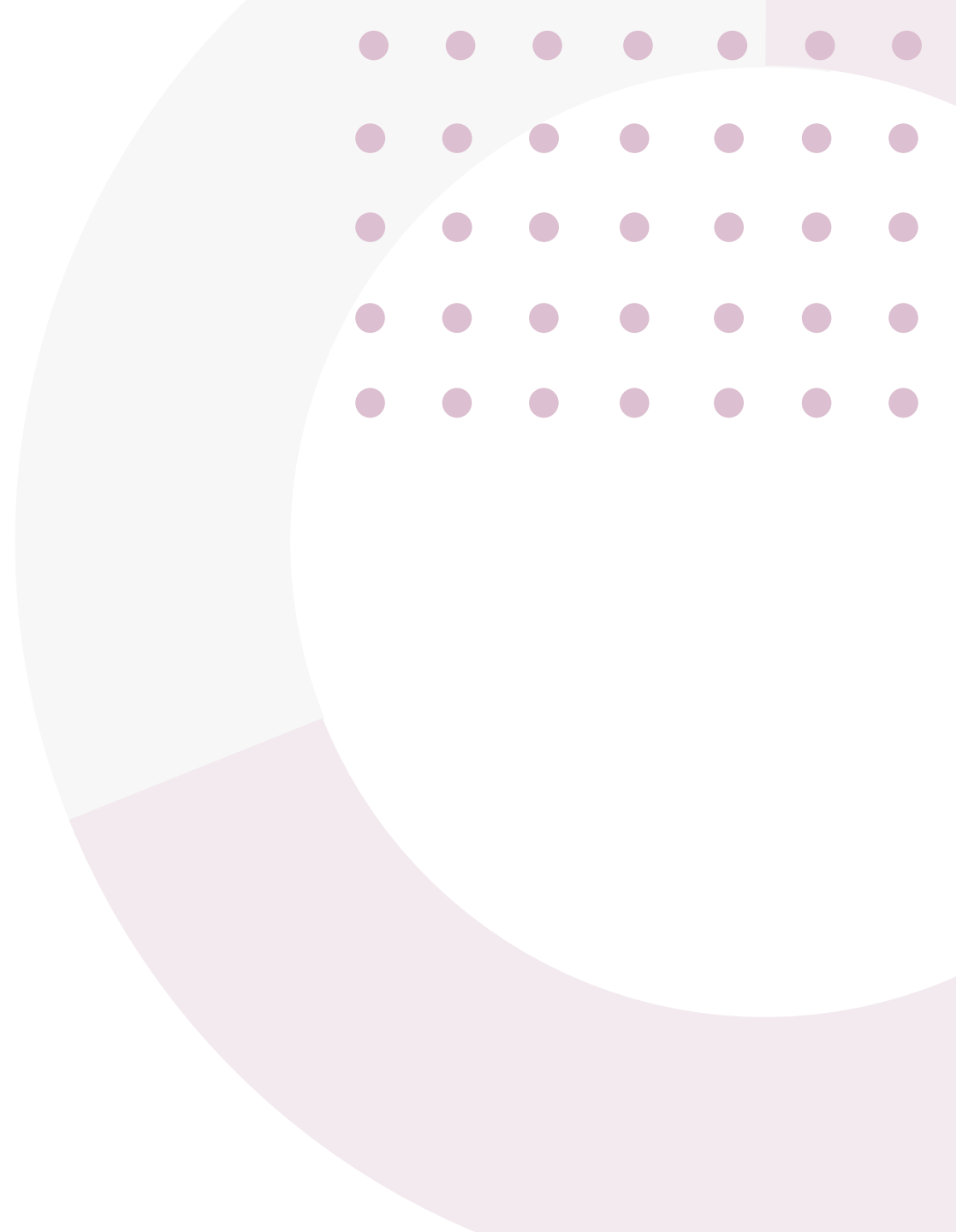
Seed, angel, and Series A deal share continued to trend down, accounting for 55% of Q2'21 deals. Series B and C deal share trended up to account for 26% of Q2'21 AI deals.

AI IPOs and M&A deals reach a new high

AI exits increased 125% from the previous quarter. AI IPOs reached an all-time quarterly high of 11. UiPath went public at a valuation of \$29B, the largest ever AI IPO listing.

In this report

- 6 Funding
- 15 Exits
- 20 Corporate activity
- 25 Methodology

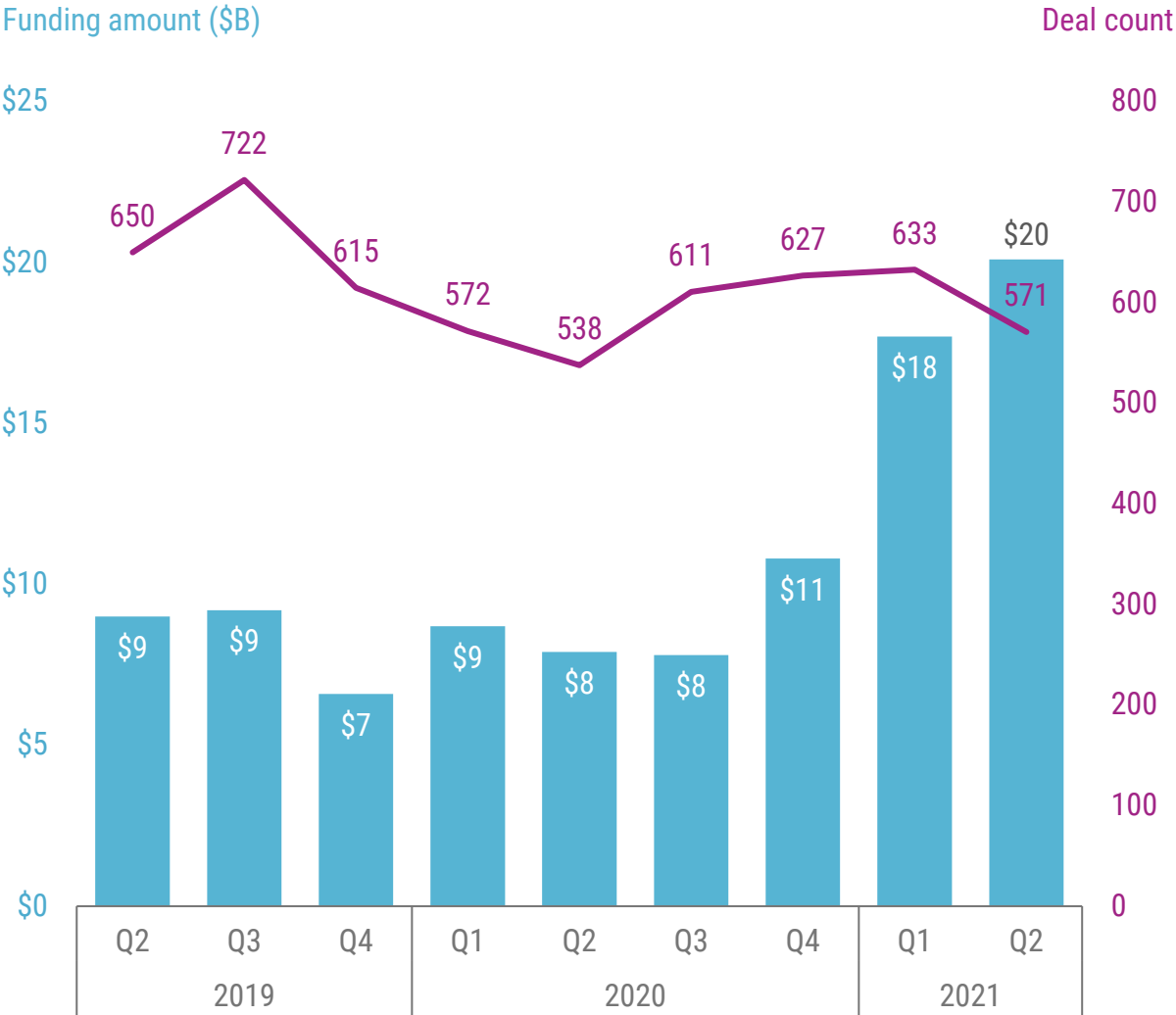


Funding trends

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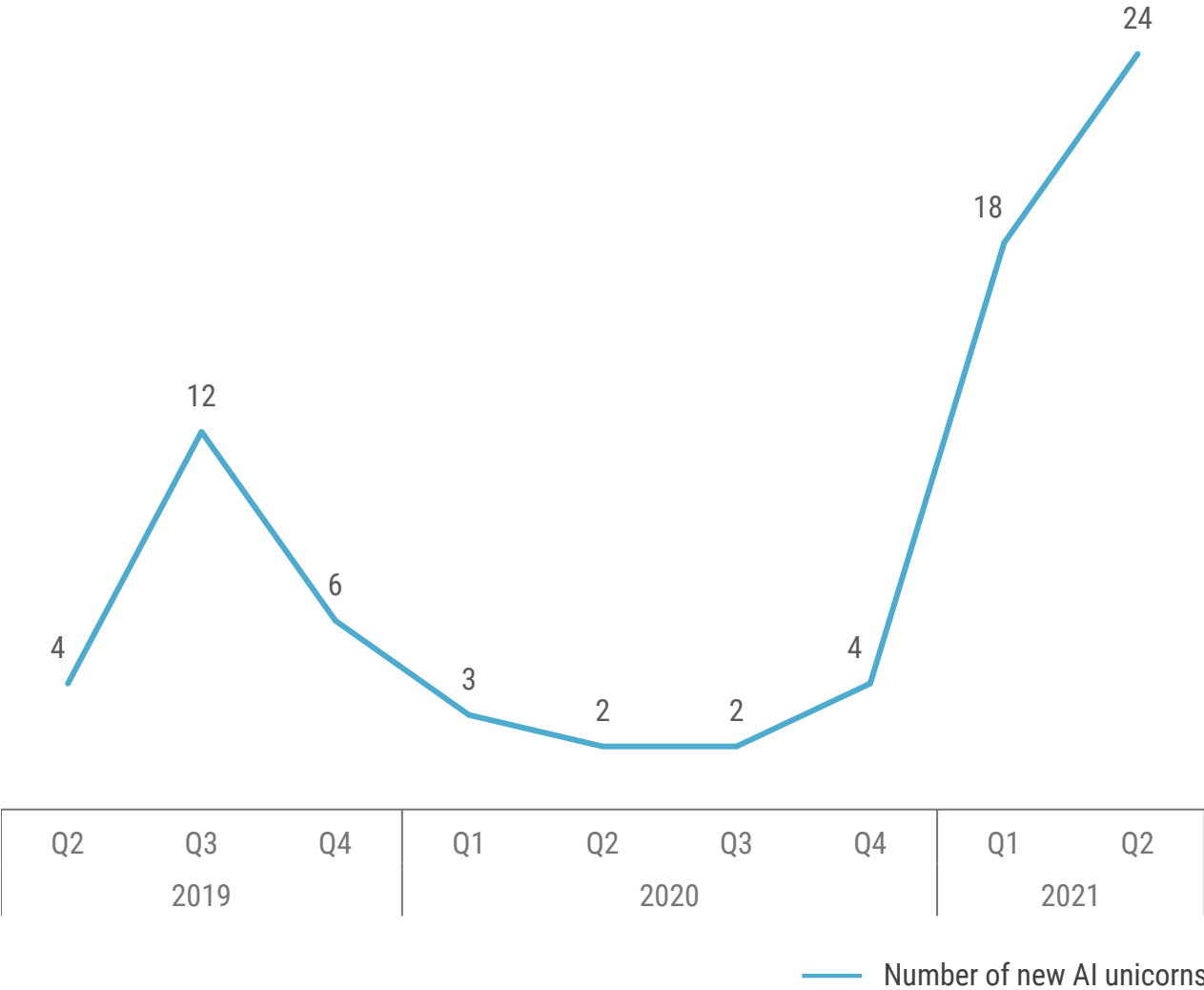
AI companies raise \$20B+ across 571 deals

- AI funding reached a record-high in Q2'21.
- Deals dropped by 10% in Q2'21.
- Funding in Q2'21 was boosted by a \$2.5B deal to Waymo and a \$750M deal to Cruise Automation. However, the previous quarter also included similarly-sized deals – a \$2B deal to Cruise Automation and a \$1B round to Databricks.
- Q2'21 saw 50 AI mega-rounds, a new record. This is up more than 200% compared to the 16 mega-rounds in Q2'20.



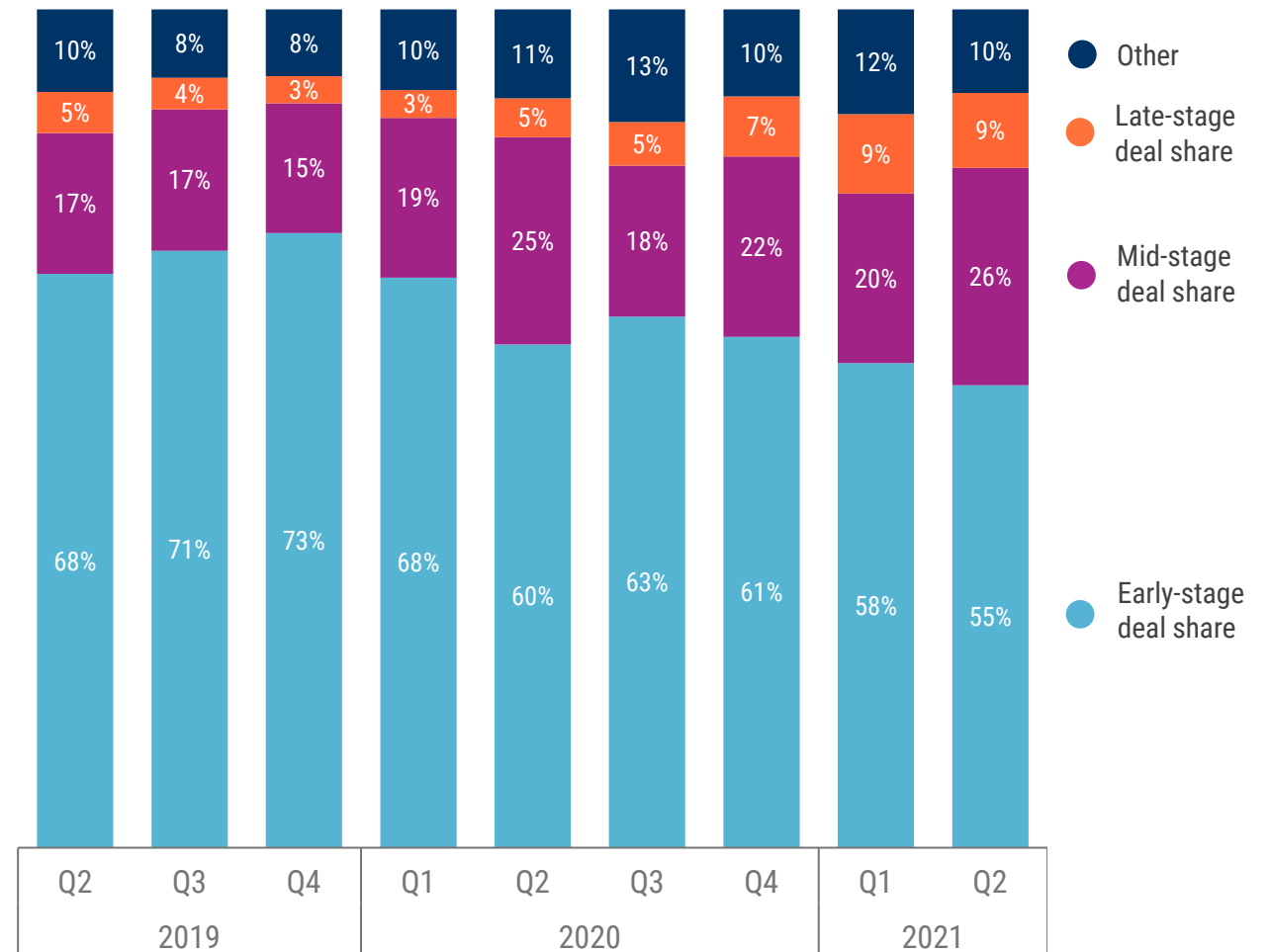
Q2'21 sees record number of new AI unicorns

- AI startups reaching a \$1B+ valuation for the first time hit a record high of 24 in Q2'21.
- Cybersecurity and AI processor companies led the wave of new unicorns with 4 new \$1B+ valuation companies each.
- Finance & insurance and retail & CPG followed close behind with the addition of 3 new AI unicorns in both categories.



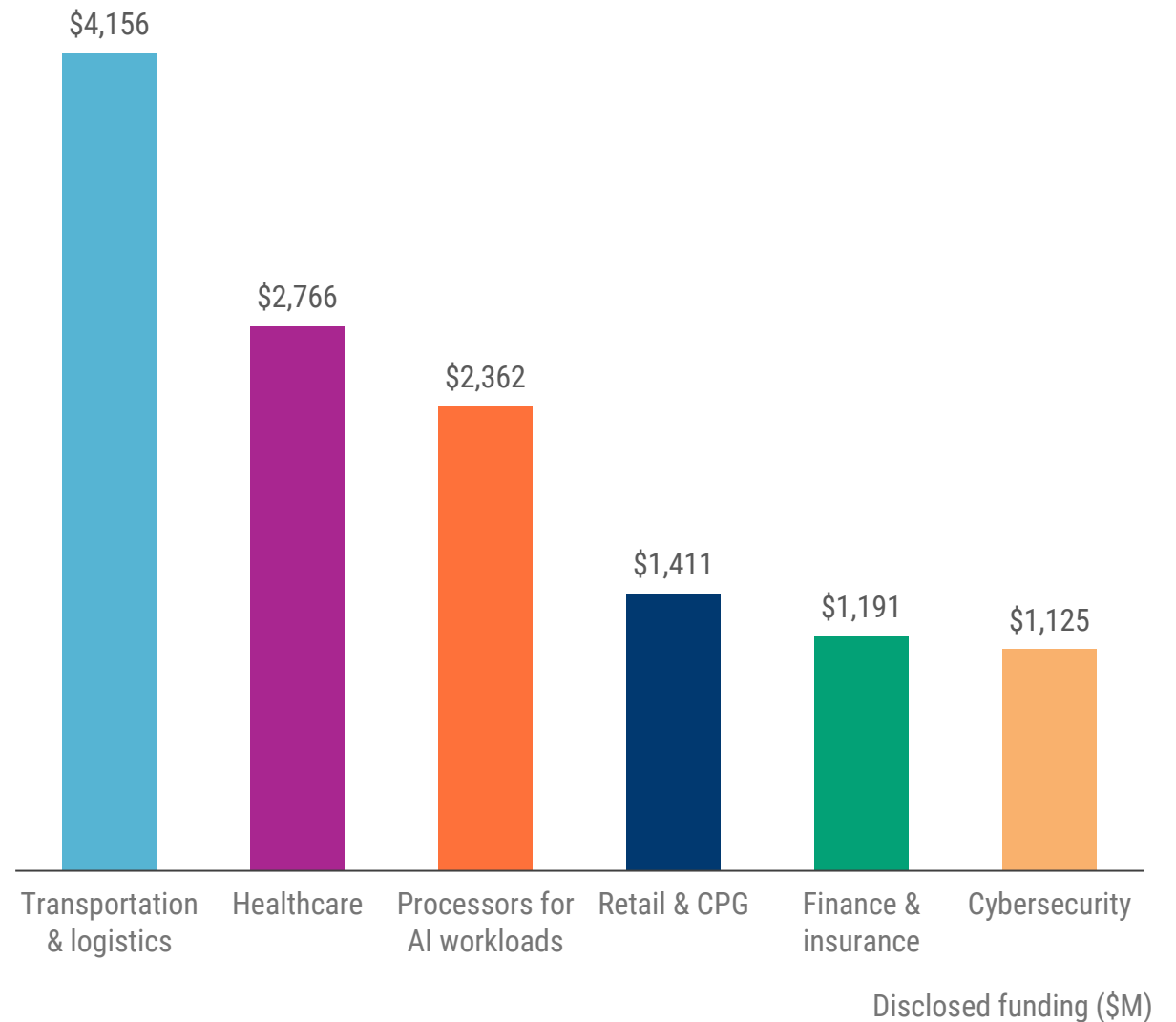
Early-stage AI deal share trends down

- Early-stage deal share – which includes seed, angel, and Series A rounds – declined to a recent low of 55% in Q2'21.
- Meanwhile, mid-stage deal share (Series B, Series C) reached an all-time high of 26%.
- Late-stage deal share (Series D+) remained tied with its Q1'21 record of 9%.
- The decline of early-stage deals and increase of mid- and late-stage deals hint at a maturing market – however, early-stage rounds still represent the majority of AI deals.



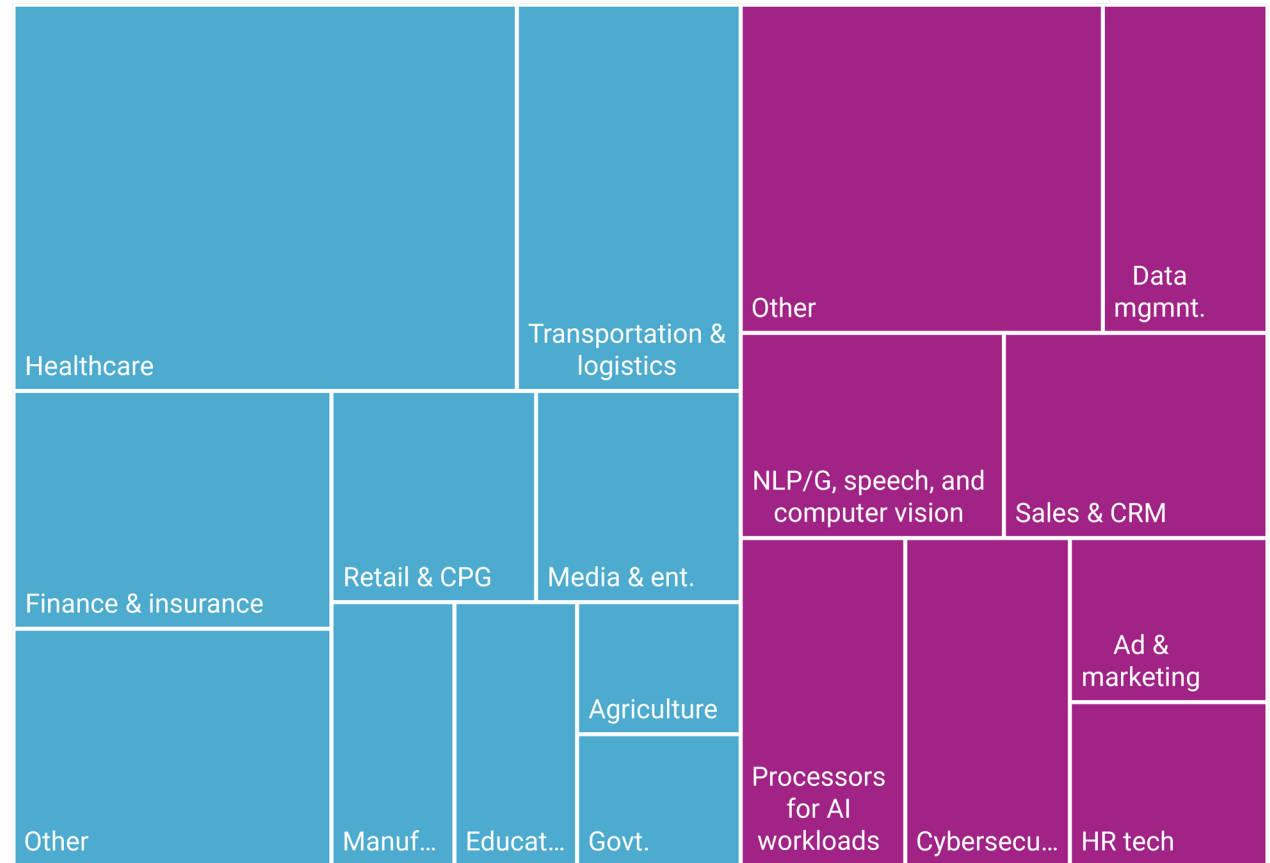
Top categories for funding in Q2'21

- **Transportation** accounted for over 20% of total AI funding in Q2'21, despite only representing 7% of total deals. Funding in this category was driven by a \$2.5B round to Waymo and a \$750M round to Cruise Automation.
- **AI processor** and **retail & CPG** deals were similarly dominated by a few major funding rounds.
- **AI processors** saw 23 total deals in Q2'21, but more than 50% of funding to the category was represented by rounds to SambaNova Systems (\$676M) and Horizon Robotics (\$600M).
- **Retail & CPG** funding increased about 140% from the previous quarter, propelled by a \$640M round to Trax.



Healthcare leads in AI deal share

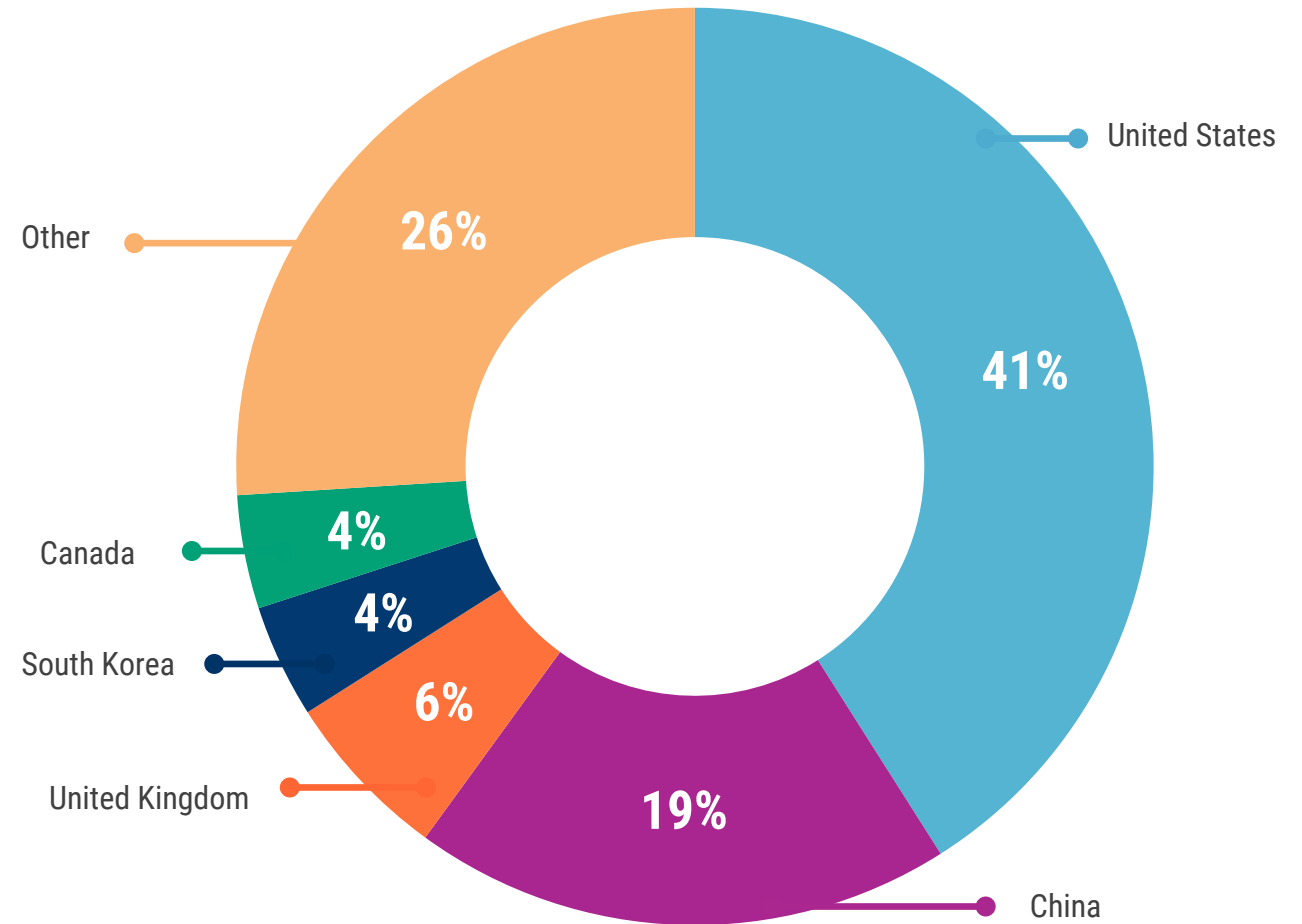
- Healthcare AI continues to attract the most deals, with 96 equity rounds in Q2'21, about 17% of all AI deals – in line with the prior quarter.
- Finance & insurance received 52 equity deals in Q2'21.
- Transportation and logistics AI received 39 investments in Q2'21. These deals mostly represent VC and CVC bets on autonomous vehicles.



● Industry-specific AI deal share ● Cross-industry tech deal share

US, China lead Q2'21 AI deal share

- The US leads as an AI hub, attracting 41% of deals. US-based companies also accounted for 41% of deals in the previous quarter. US deals are up 39% year-over-year.
- China continues to be second to the US in AI deal share, but its deal share is up slightly from 17% in Q1'21.
- In Q2'21, Canada edged out Japan to become a top 5 AI hub.



Top deals of the quarter

Company	Amount	Round	Select investors	Focus
 WAYMO	\$2,500M	Unattributed	Temasek, Silver Lake, Tiger Global	Transportation
 cruise	\$750M	Corporate Minority	Walmart	Transportation
 SambaNova [®] SYSTEMS	\$676M	Series D	BlackRock, GIC, Google Ventures, SoftBank Group, Intel Capital	Processors
 trax	\$640M	Series E	SoftBank Group, Sony Innovation Fund, BlackRock	Retail & CPG
 Horizon Robotics	\$600M	Series C	HuangPu River Capital, Legend Capital, Sunny Optical Technology	Processors for AI workloads
 ANDURIL	\$450M	Series D	General Catalyst, Lux Capital, Andreessen Horowitz, 8VC	Government tech
 scale	\$325M	Series E	Y Combinator, Tiger Global Management, Founders Fund	Data management
 WeRide 文远知行	\$310M	Series C	IDG Capital, K3 Ventures, Qiming Venture Partners	Transportation
 Exscientia	\$300M	Convertible Note	Softbank Group	Healthcare
 BOWERY	\$300M	Series C	Google Ventures, General Catalyst, GGV Capital, Temasek	Agriculture

Track all 570+ AI deals from Q2'21 in our Expert Collection or

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Artificial Intelligence Expert Collection

Recommended Companies > + SHEET

This collection includes startups selling AI SaaS, using AI algorithms to develop their core products, and those developing hardware to support AI workloads.

Showing 7335 of 7335 rows

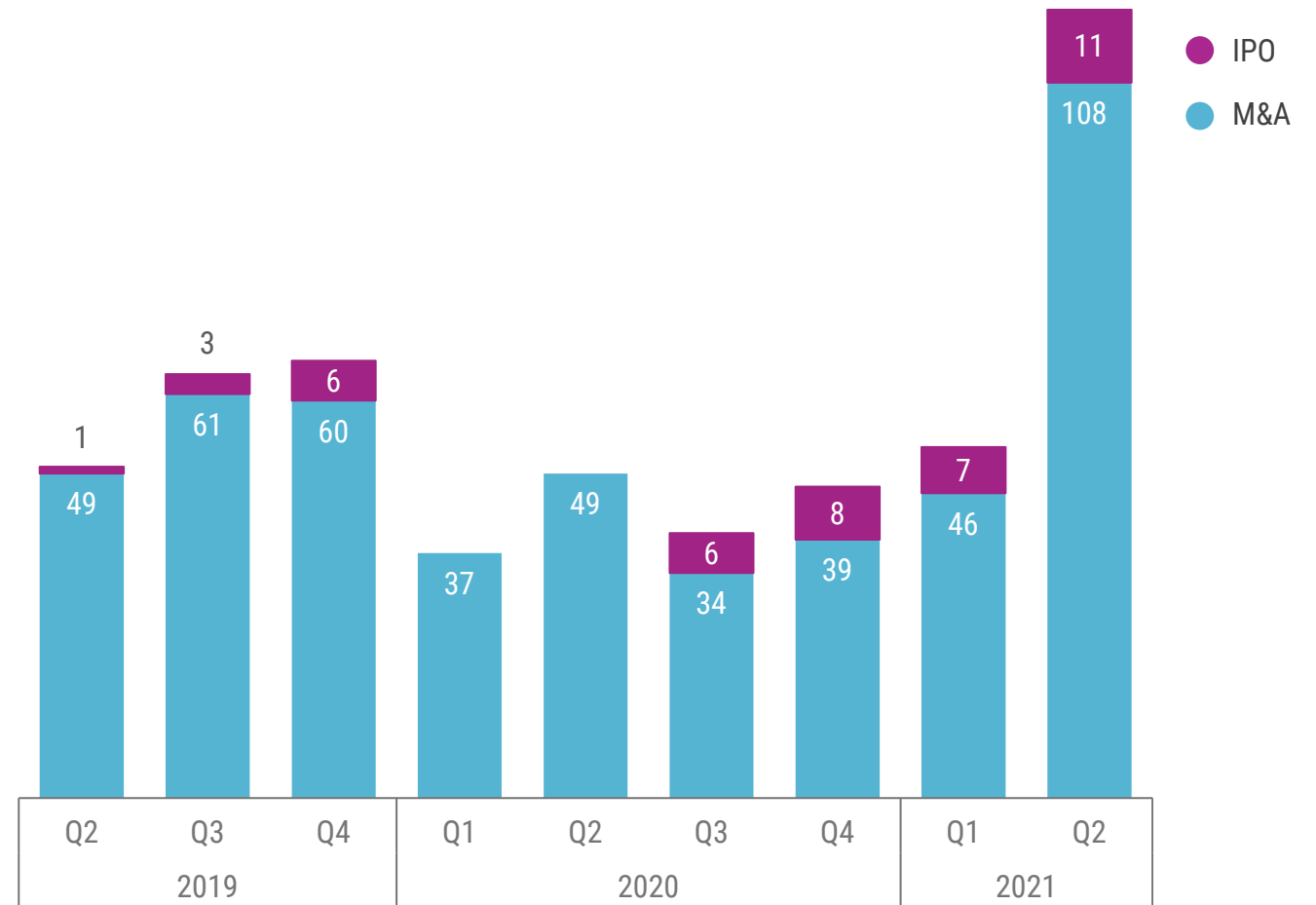
<input type="checkbox"/>	Companies	URL	Primary focus	Country	Description
<input type="checkbox"/>	Cruise Automa	getcruise.com	Transportation & logistics	United States	Cruise Automation makes automated driving technology. Cruise has built a highway autopilo
<input type="checkbox"/>	ByteDance	bytedance.com	Media & entertainment	China	ByteDance offers content platforms that enable people to enjoy content powered by AI technol
<input type="checkbox"/>	Waymo	waymo.com	Transportation & logistics	United States	Waymo is a self-driving technology company with a mission to make it safe and easy for people a
<input type="checkbox"/>	SenseTime	sensetime.com	NLP(G), Speech & Comp. Vision (cross-industry)	China	SenseTime is a computer vision and AI company that provides image, object, text, face recognit
<input type="checkbox"/>	Horizon Roboti	horizon.ai	Processors for AI workloads	China	Horizon Robotics is an artificial intelligence computing platform integrating algorithm,
<input type="checkbox"/>	NIO	nio.io	Transportation & logistics	China	NIO (NYSE: NIO) is a Chinese automobile manufacturer specializing in designing and
<input type="checkbox"/>	UiPath	uipath.com	RPA and document analysis (industry agnostic)	United States	UiPath (NYSE: PATH) is a New York-based, roboti process automation (RPA) company that delive
<input type="checkbox"/>	Databricks	databricks.com	Data mgmnt (AutoML, model development, ...)	United States	Databricks seeks to empower anyone to easily build and deploy advanced analytics solutions.
<input type="checkbox"/>	Affirm	affirm.com	Finance & insurance	United States	Affirm (NASDAQ: AFRM) is a consumer finance company that seeks to provide shoppers with
<input type="checkbox"/>	Wish	wish.com	Commerce	United States	Wish (NASDAQ: WISH) is an e-commerce platform

Exit trends

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AI exits hit an all-time high

- Q2'21 was a record for AI exits, increasing 125% from the previous quarter.
- Two quarters in, and 2021 is already a record year for AI IPOs.
- The rise in exits is a sign of a maturing AI market. Major AI unicorns, such as UiPath, entered the public market in Q2'21.
- Big tech players like IBM, Nvidia, and Microsoft continued to acquire AI startups in Q2'21. Relatively new tech players such as ZoomInfo and Snap also acquired AI companies.



Six AI unicorns go public

- **UiPath**, an AI-powered RPA platform, is the largest AI IPO to date. UiPath listed on the NYSE at a valuation of \$29B.
- Endpoint cybersecurity company **SentinelOne** exited at \$8.9B.
- **TuSimple**, a self-driving truck company, listed on the Nasdaq at \$8.5B.
- Materials developer **Zymergen** went public at a valuation of just under \$3B.
- **Recursion**, an AI-powered drug discovery company, listed on the Nasdaq at \$2.9B.
- Cybersecurity platform **Darktrace** went public at a \$2.3B valuation.

UiPath's
downround IPO



The screenshot shows the CB Insights Funding page for UiPath. The page title is "Funding" with a subtitle "9 Fundings / \$1,991M". The table lists the following funding rounds:

Date	Round	Amount	Investors	Valuation
4/21/2021	IPO	\$499.07M	Public	▼ \$29,072.61M
2/1/2021	Series F	\$750M	Coatue Management, Alkeon Capital Management, and 6 more	▲ \$35,000M
7/13/2020	Series E	\$225M	Alkeon Capital Management, Madrona Venture Group, and 9 more	▲ \$10,200M
4/30/2019	Series D	\$568M	Madrona Venture Group, Sequoia Capital, and 9 more	▲ \$7,000M
11/14/2018	Series C - II	\$40M	Madrona Venture Group, Meritech Capital Partners, and Institutional Venture Partners	\$3,000M
9/18/2018	Series C	\$225M	Sequoia Capital, Accel, and capitalG	▲ \$3,000M
3/2/2018	Series B	\$153M	Kleiner Perkins Caufield & Byers, Accel, and 4 more	▲ \$1,100M
4/26/2017	Series A	\$30M	Accel, Seedcamp, and 2 more	\$109M

Microsoft acquires Nuance for \$19.7B

- Nuance is the tech giant's second largest acquisition after LinkedIn (\$26.2B, 2016).
- The move aligns with Microsoft's increased focus on healthcare and will help push Microsoft AI into the exam room.
- Nuance's virtual assistant is deeply integrated with key electronic health record (EHR) vendors.

Vendors acquired by Nuance

Microsoft acquires Nuance for \$19.7B

Transactions						
Acquisitions 36 Acquisitions						
<input type="checkbox"/>	Date	Company	Valuation	Total Funding	Investment Stage	Note
<input type="checkbox"/>	2/8/2021	Saykara		\$8.14M	Loan	Acquired
<input type="checkbox"/>	10/1/2019	Cerence			Spinoff / Spinout	Spinoff / Spinout
<input type="checkbox"/>	5/18/2018	VoiceBox Technologies	\$82M	\$18.27M	Series D	Acquired
<input type="checkbox"/>	1/29/2018	iScribes		\$1.84M	Unattributed - III	Acquired
<input type="checkbox"/>	2/8/2017	mCarbon	\$36M			Acquired
<input type="checkbox"/>	11/3/2016	Agnitio		\$10.29M	Series B	Acquired
<input type="checkbox"/>	7/21/2016	TouchCommerce	\$215M	\$48.4M	Debt - II	Acquired
<input type="checkbox"/>	4/17/2014	Accelarad				Acquired
<input type="checkbox"/>	10/10/2013	Varolii		\$40.7M	Series D	Acquired
<input type="checkbox"/>	7/2/2013	Cognition Technologies		\$0.2M	Unattributed	Acquired

Funding 12 Fundings / \$69.46M					
<input type="checkbox"/>	Date	Round	Amount	Investors	Valuation
<input type="checkbox"/>	4/12/2021	Acq - Pending		Microsoft	\$19,700M
<input type="checkbox"/>	5/23/2008	PIPE - V	\$100.46M	Warburg Pincus	
<input type="checkbox"/>	9/16/2005	PIPE - IV	\$60M	Warburg Pincus	
<input type="checkbox"/>	5/17/2005	PIPE - III	\$15M	Warburg Pincus	
<input type="checkbox"/>	3/19/2004	PIPE - II	\$80M	Warburg Pincus	

IBM acquires Turbonomic for \$2B

- IBM acquired Turbonomics, a startup using AI to optimize network performance and resource management for IT operations.
- Turbonomics will help IBM build out hybrid cloud products, such as Watson AIOps (a product announced in 2020).
- IBM previously acquired Instana in Q4'20 to bolster Watson AIOps.
- Turbonomics was not the only Q2'21 AI acquisition in the DevOps space. Stackeer.io and Qentinel, both startups using AI to automatically run software development and testing, were acquired by Gitlab and Copado, respectively.

Vendors acquired by Turbonomics

IBM acquires Turbonomics for \$2B

The screenshot shows the CB Insights Transactions page. It is divided into two main sections: Acquisitions and Funding. The Acquisitions section shows two acquisitions: SevOne (dated 11/4/2019, valued at \$203.5M, Series C, Acquired) and ParkMyCloud (dated 5/14/2019, valued at \$1.65M, Seed VC, Acquired). The Funding section shows nine fundings totaling \$159.05M. The most recent funding, dated 4/29/2021, is an acquisition by IBM for \$2.0B. Other fundings include Series E - III (\$41.55M), Series E - II (Trend Forward Capital), Series E (\$50M), Corporate Minority (Red Hat), Series D (\$50M), Series C (\$7.5M), Series B (\$10M), and Series A (Undisclosed Investors).

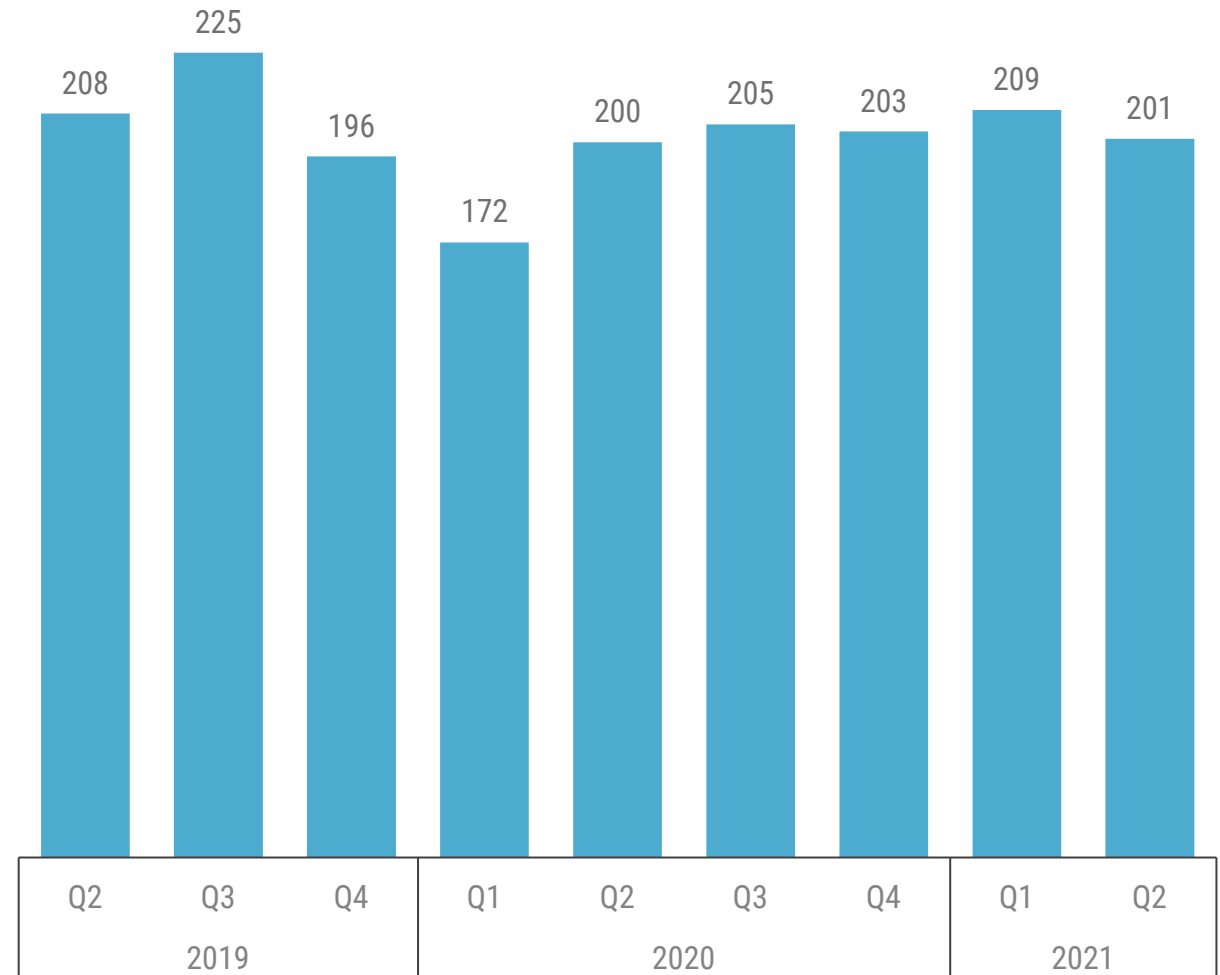
Transactions						
Acquisitions 2 Acquisitions						
Date	Company	Valuation	Total Funding	Investment Stage	Note	
11/4/2019	SevOne		\$203.5M	Series C	Acquired	
5/14/2019	ParkMyCloud		\$1.65M	Seed VC	Acquired	
Funding 9 Fundings / \$159.05M						
Date	Round	Amount	Investors	Valuation		
4/29/2021	Acquired		IBM	▲\$2,000.0M		
11/18/2019	Series E - III	\$41.55M	Highland Capital Partners, and General Atlantic	\$759.0M		State filing so
2/7/2019	Series E - II		Trend Forward Capital			
1/23/2017	Series E	\$50M	Highland Capital Partners, Globespan Capital Partners, and 3 more	\$800.0M		
5/6/2015	Corporate Minority		Red Hat			
1/21/2015	Series D	\$50M	Highland Capital Partners, Globespan Capital Partners, and 2 more	▲\$514.7M		State filing so
5/1/2013	Series C	\$7.5M	Highland Capital Partners, Globespan Capital Partners, and Bain Capital Ventures	▲\$150.9M		State filing so
11/29/2011	Series B	\$10M	Highland Capital Partners, and Bain Capital Ventures	\$500.0M		State filing so
	Series A		Undisclosed Investors			

Corporate activity

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CVC-backed AI deals level out

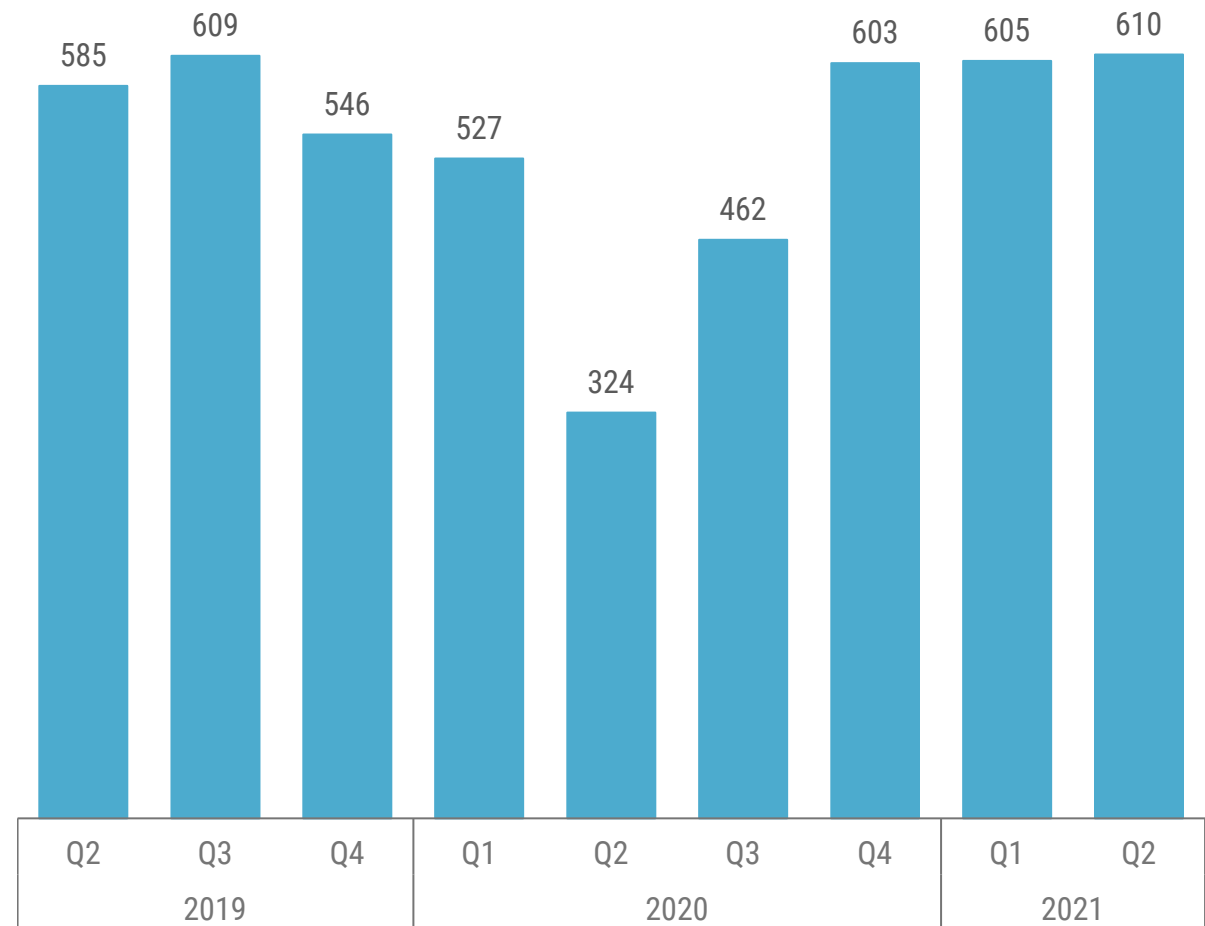
- Corporate venture backing to AI startups appears to be leveling out after peaking in Q3'19.
- 35% of all deals to AI startups included participation from a corporate or CVC investor, up slightly from 31% in Q1'21.
- Plateauing CVC participation in AI deals may reflect a stronger focus on internal R&D or corporations choosing to develop relationships with AI portfolio companies instead of sourcing new deals.



Number of equity rounds to AI startups involving corporates or CVCs

Mentions of AI-related terms on earnings calls

- Corporations switched gears from forward-looking strategies to crisis response in the early stages of the Covid-19 pandemic. As a result, mentions of AI dropped suddenly in 2020.
- Corporates most actively discussing AI-related strategies on earnings calls in Q2'21 included Nvidia, marketing automation company AppLovin, outpatient radiology imaging facility RadNet, and Google.



Number of earnings call mentions of artificial intelligence, machine learning, computer vision, neural network, deep learning, or natural language processing

“...not only will we be seeing, I think, a greater volume of business, **but that business is going to have to be handled by artificial intelligence in order to be able to accommodate the type of demand** which we believe is on the horizon.

— RadNet CEO Howard Burger









“We have added a new metric to our transparency report called the Violative View Rate, which will help us estimate what percentage of views on YouTube come from content that violates our policy...This is down over 70% compared to the same quarter in 2017. **In large part, thanks to our investments in machine learning.**

— Google CEO Sundar Pichai

“[it is important to highlight] **the increasing role that artificial intelligence is playing in the growth and success of our company**, an initiative we call Deep Brew...Deep Brew has now automated daily inventory, orders across hundreds of U.S. stores... It is supporting partner scheduling and optimizing it in ways that improve both the customer and the partner experience.

— Starbucks CEO Kevin Johnson

Corporates' private market business relationships

Corporation	Sector	Select business relationships in AI
 Microsoft	Big tech	<ul style="list-style-type: none"> • Onfido – Reusable identify • Jumio – Decentralized digital identify • DarkTrace – Cyber threat detection • Avast – Anti-malware
 Munich RE	Insurance	<ul style="list-style-type: none"> • Spectrum Labs – AI safety systems • Akur8 – Price modeling
 snowflake	Cloud computing	<ul style="list-style-type: none"> • Deep Labs – Government fraud prevention • C3.ai – Enterprise AI applications
 ORACLE	Software	<ul style="list-style-type: none"> • RTB House – Personalized marketing • Tanium – Endpoint security
 EY	Accounting	<ul style="list-style-type: none"> • Tanium – Endpoint security • CrowdStrike – Cloud-based security services
 INGRAM MICRO	IT services	<ul style="list-style-type: none"> • UiPath – Robotic process automation • Jumio – Decentralized digital identify
 Carrier	Home appliances	<ul style="list-style-type: none"> • Augury – Predictive maintenance • XOi Technologies – Remote technician support
 amazon	Big tech	<ul style="list-style-type: none"> • Plus – Autonomous driving

Methodology

Definition

In this report, we cover deals to AI startups that have raised equity funding globally. All startups in our analysis can be seen in the Artificial Intelligence Expert Collection, found on the CB Insights platform.

Companies in our Artificial Intelligence Expert Collection include startups selling AI SaaS (such as machine learning-based cyber defense software), using AI algorithms to develop their core products (such as AI-enabled diagnostic devices), developing hardware to support AI workloads (such as startups building AI processors for edge and cloud data-centers), and AI "consultancies" (companies tailoring solutions to individual clients).

The Artificial Intelligence Expert Collection includes autonomous cars, trucks, and tractors, but excludes other hardware-focused robotics startups, as well as companies operating solely in the AR/VR space. We analyze these markets separately in other CB Insights reports.

Funding analysis

Our analysis considers equity rounds only, including corporate minority rounds and convertible notes. We exclude loans, grants, and other debt rounds.

We included equity funding to corporate spinouts or majority owned companies if the round was VC-backed, such as rounds to Waymo.

Exit analysis

Our exit analysis only counts the first exit of a company. It excludes unit acquisitions and public-to-private (P2P) exit rounds. We may highlight companies that have gone through multiple exits to add context to the AI landscape, such as Microsoft's acquisition of Nuance, but they will not be counted within our overall exit analysis.

For the purpose of our M&A and IPO chart, we count reverse mergers under IPO. Reverse mergers only count after the deal is closed, companies pending acquisition will not be included in this analysis but may be highlighted on a case-by-case basis.

