

PwC / CB Insights

MoneyTree™ Report

Q1 2017



Executive summary

US Q1'17 FUNDING RISES 15% FROM PREVIOUS QUARTER

Investment continues at moderated pace: US VC-backed companies saw \$13.9B in total financing across 1,104 deals in Q1'17, up 15% and 2% from Q4'16, respectively. Despite the uptick, both deal and dollar levels remain well below the peak levels of 2015.

Seed share hits two-year low: Seed activity as a proportion of all deals continued to decline, dropping to a quarter of US deals in Q1'17.

Corporate participation remains strong: Corporates and corporate VCs have remained active, participating in 26% of all US deals in Q1'17, matching Q3'16 for an 8-quarter high.

Internet falls while Healthcare rises: Internet deal share dropped to an two-year low of 44% in the quarter, while Healthcare jumped to a two-year high of 17% as it displaced Mobile & Telecom as the second-place sector by quarterly deals.

AI off to strong start in 2017: AI deals continued rising to an 8-quarter high, as quarterly funding has now topped \$500M in 7 of the past 8 quarters. Digital Health deal activity slid 23%, although one \$900M mega-round propelled the quarterly dollar total upwards.

TRENDS WITHIN US REGIONS MIXED; GLOBAL ACTIVITY UP

San Francisco, New England deals hit low: Quarterly deal count in both regions sank to 8-quarter lows, although funding increased thanks to mega-rounds going to companies like Airbnb, Instacart, and Fuze.

California's lead narrows: Although California still leads other states in deal activity by a wide margin, the leading tech hub has seen a proportionally greater decline in deals since Q3'15 than New York and Massachusetts.

International investors active in US: In Q1'17, international sources of capital represented a quarter of active investors in later-stage deals to US companies.

Global deals, dollars up: Total funding worldwide stood at \$27.1B spread over 2,228 deals, up 22% and 2%, respectively, from Q4'16. Europe saw deal activity growth for the fifth-consecutive quarter.

Mega-round activity rises in US, Asia: Both regions saw an uptick in financings of \$100M or more, contributing to the rising quarterly funding totals in both areas.

Note: Report includes all rounds to VC-backed companies. For a detailed brief on methodology, please reference page 73 of this report.

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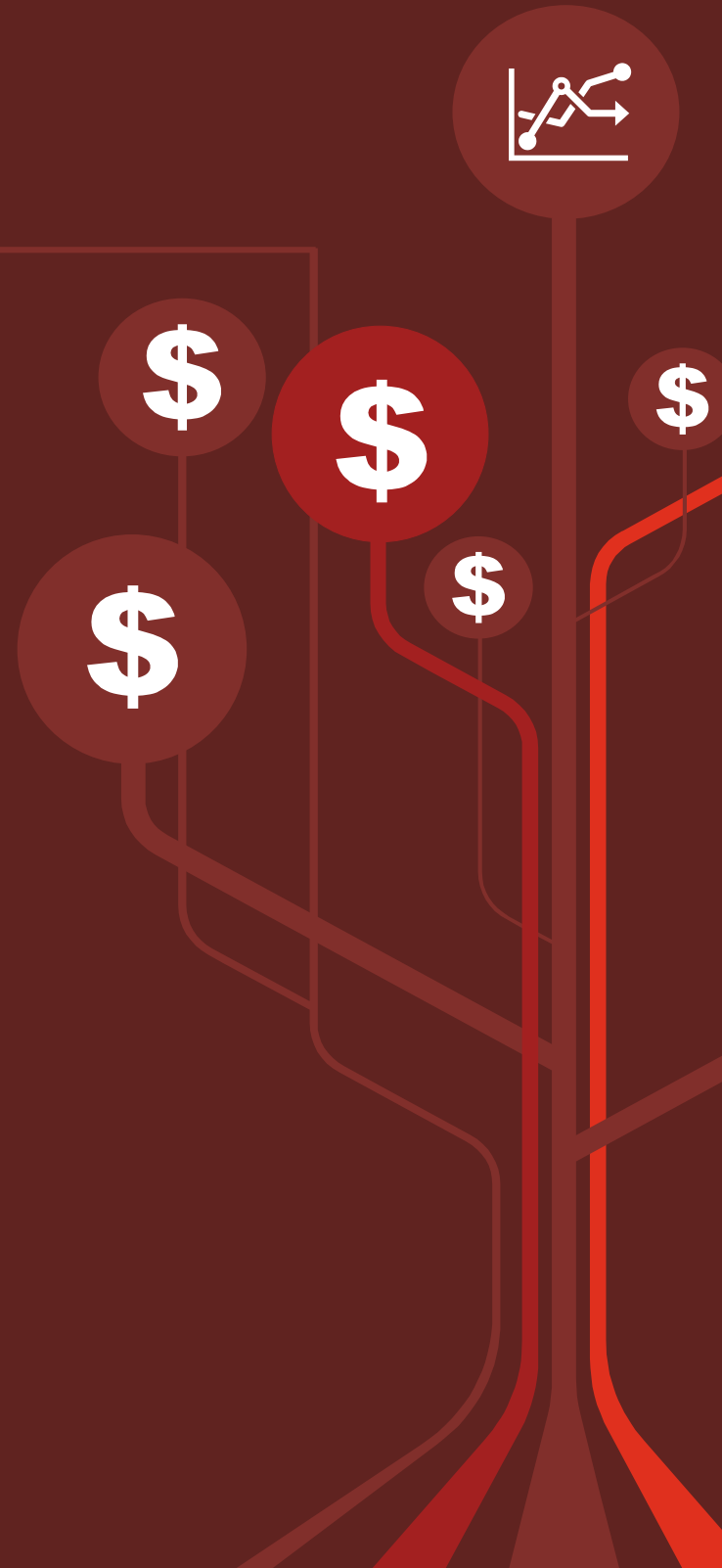
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01

US Overall Trends



A low-angle, wide shot of the United States Capitol building in Washington, D.C. The image captures the iconic white marble dome and the neoclassical portico with its tall columns. The sky is a clear, vibrant blue with a few wispy white clouds. The text is overlaid on the right side of the image.

In Q1 2017

UNITED STATES

VC-backed companies raised

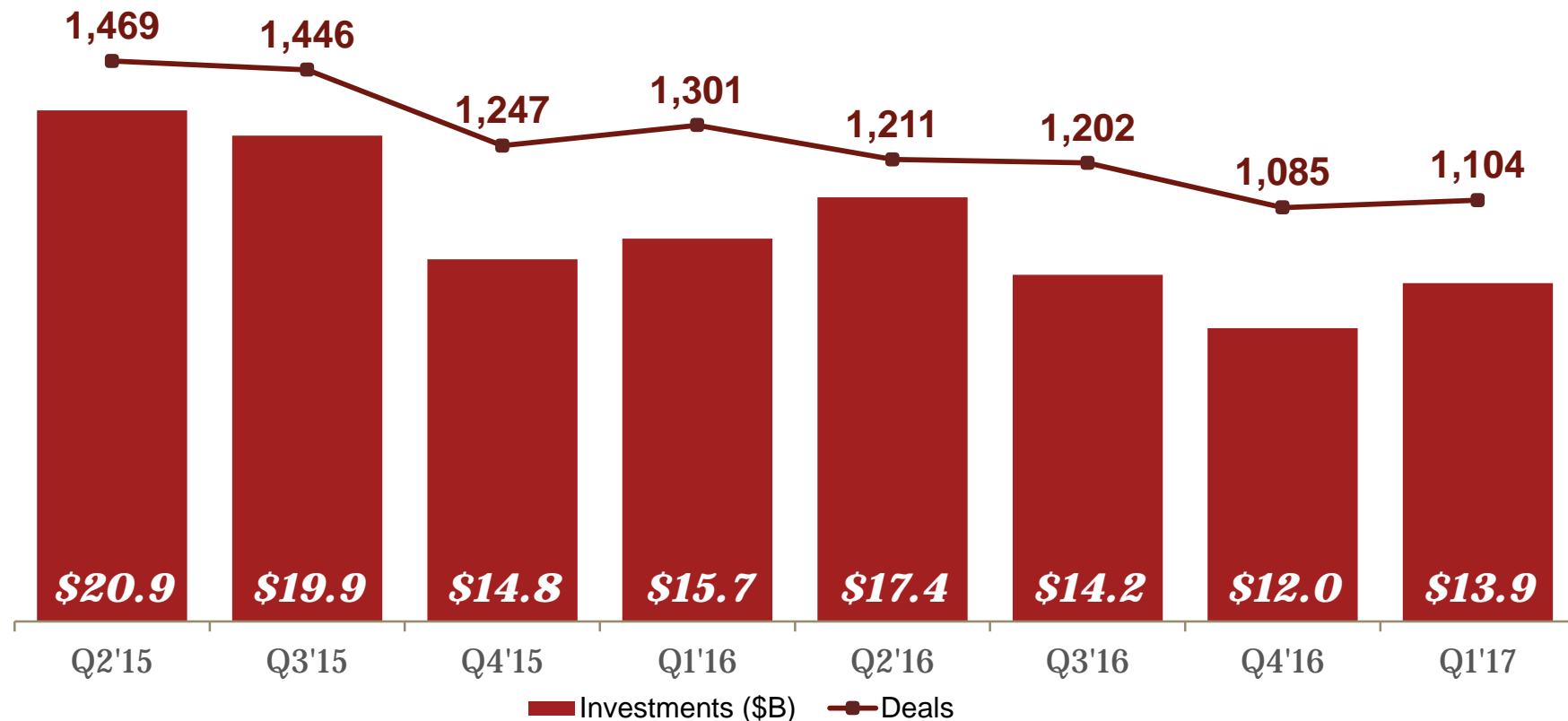
\$13.9B

8-quarter US financing trend



Financing to US VC-backed companies continues at moderated pace

- Deals and dollars both bottomed out with 8-quarter lows in Q4'16. In Q1'17, the quarterly deal total crept up 2% to 1,104 deals, while total investment climbed 15% to \$13.9B.
- A boost in mega-round activity contributed to the boost in quarterly dollars, although the total of \$13.9B remains the second-lowest quarterly figure in our 8-quarter analysis period.



US financing trends



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We are starting to see a rise in VC investments after the lowest level of investing in the last two years, with later series deals supporting broad anticipation of increased exit activity.

— ***Tom Ciccolella**, Partner, US Ventures Leader at PwC*

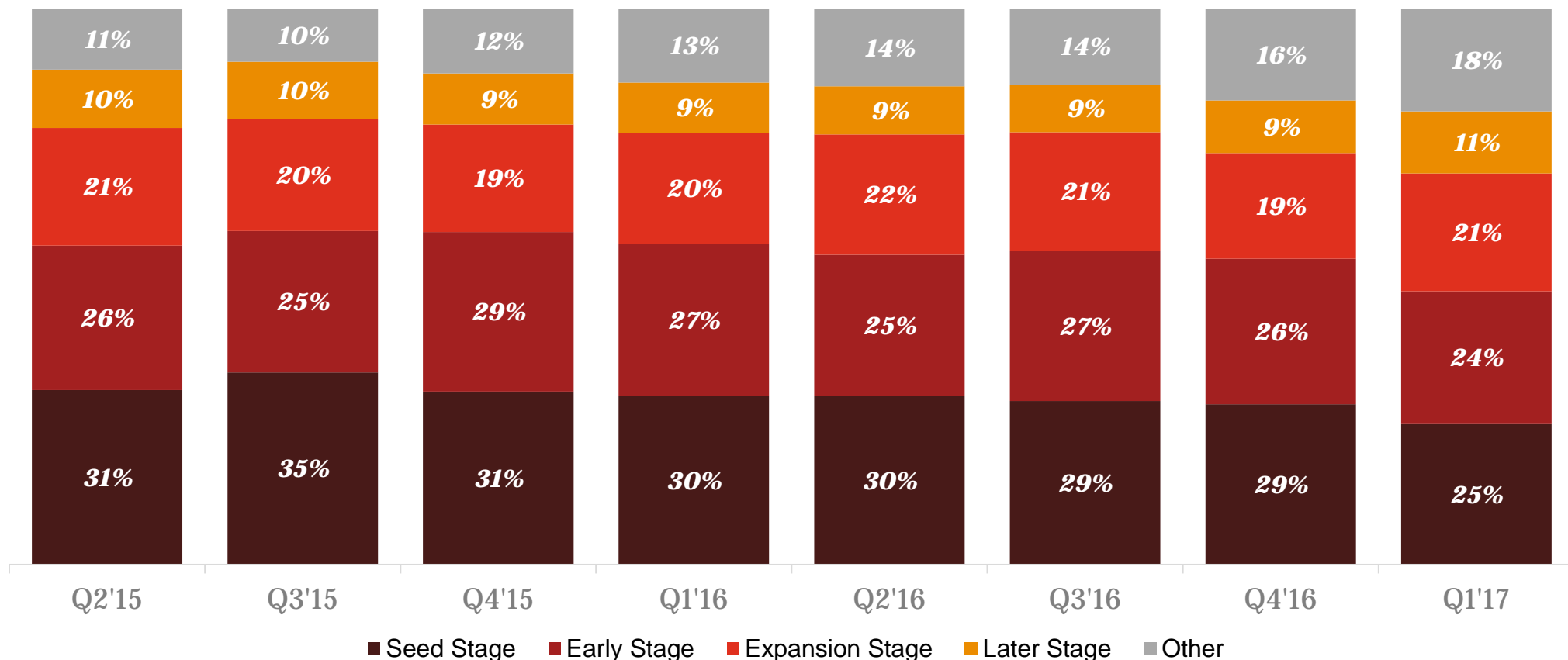
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US deal share by stage



US seed, early-stage deal shares hit 8-quarter lows

- Early-stage activity has slowed down. Seed activity as a proportion of all deals dropped to 25% in Q1'17, representing an 8-quarter low and continuing a series of declines since Q3'15.
- Early-stage deal share also fell to an 8-quarter low of 24%, while later-stage deal share climbed to a high of 11%. The increasing share of “Other” rounds has been largely driven by corporate minority stakes.

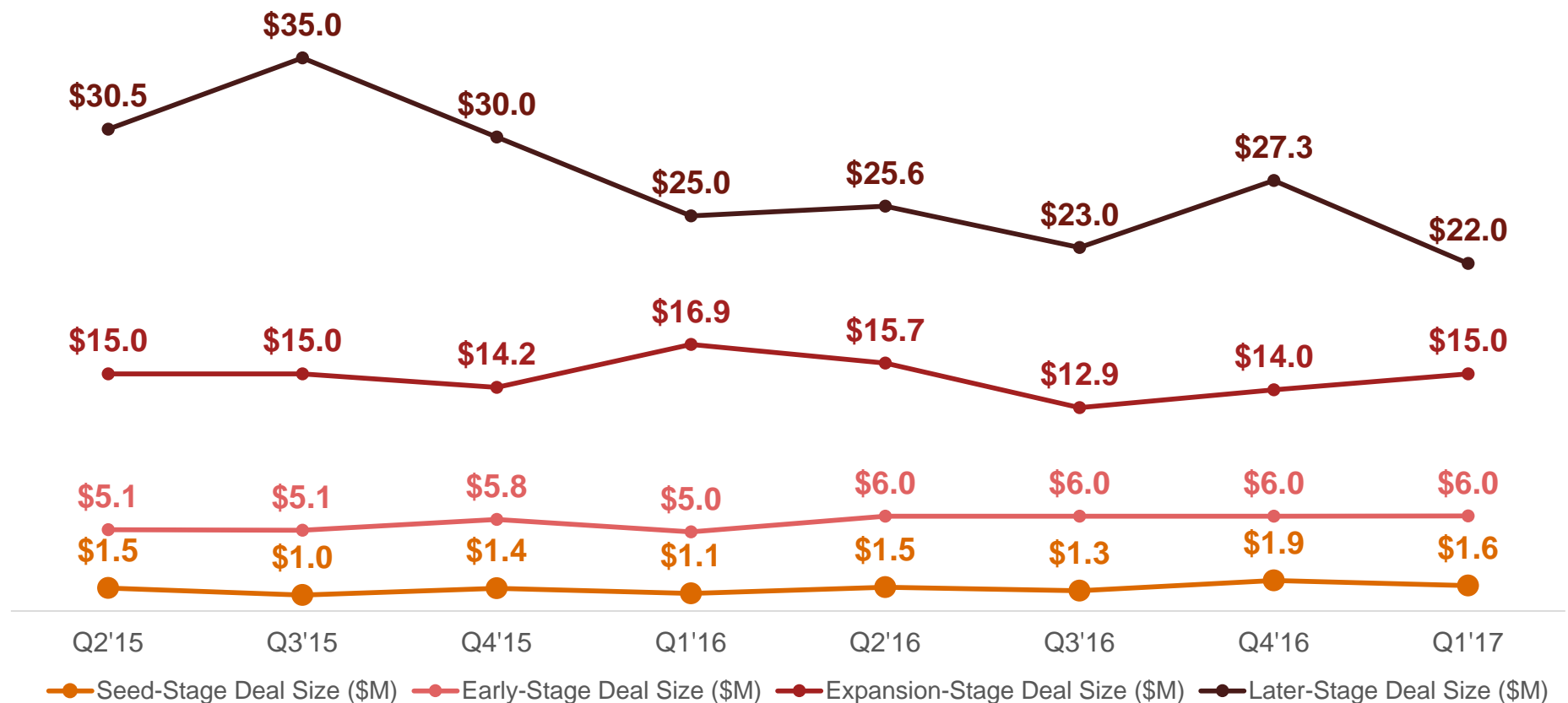


Median US deal sizes by stage



Median later-stage deal size falls to two-year low

- Later-stage deal sizes fell to a new low of \$22M in Q1'17. Apart from last quarter's spike, these deals have shrunk since Q3'15 (which was also a high-water mark for unicorn and mega-round activity).
- Median seed deal size has now eclipsed \$1.5M for two consecutive quarters, while early-stage deal sizes remained consistent. Expansion-stage deal size rose for the second straight quarter.

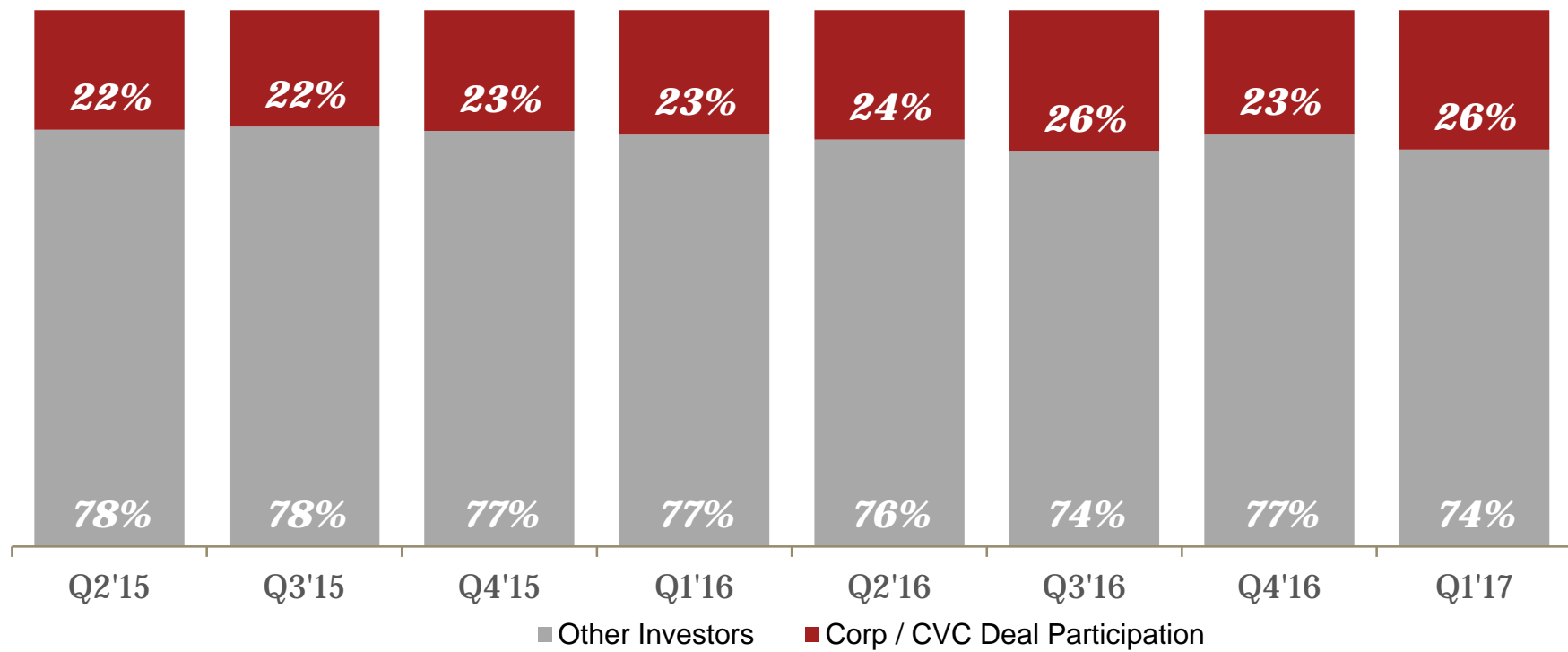


US corporate deal participation



Corporate and corporate VC deal participation remains strong

- Although overall investment into VC-backed companies has seen a reset since late 2015, corporations have kept up an active investment pace.
- Corporates and corporate venture arms were involved in 26% of all US deals in Q1'17, matching Q3'16 for a two-year high.



02

US Sectors



US deal and funding by sector



\$5.2B
Invested



Internet

485 Deals

\$3.7B
Invested



Healthcare

190 Deals

\$1.9B
Invested



151 Deals Mobile & Telecommunications

\$0.4B
Invested



64 Deals

Software (Non-Internet / Mobile)

\$0.6B
Invested



43 Deals

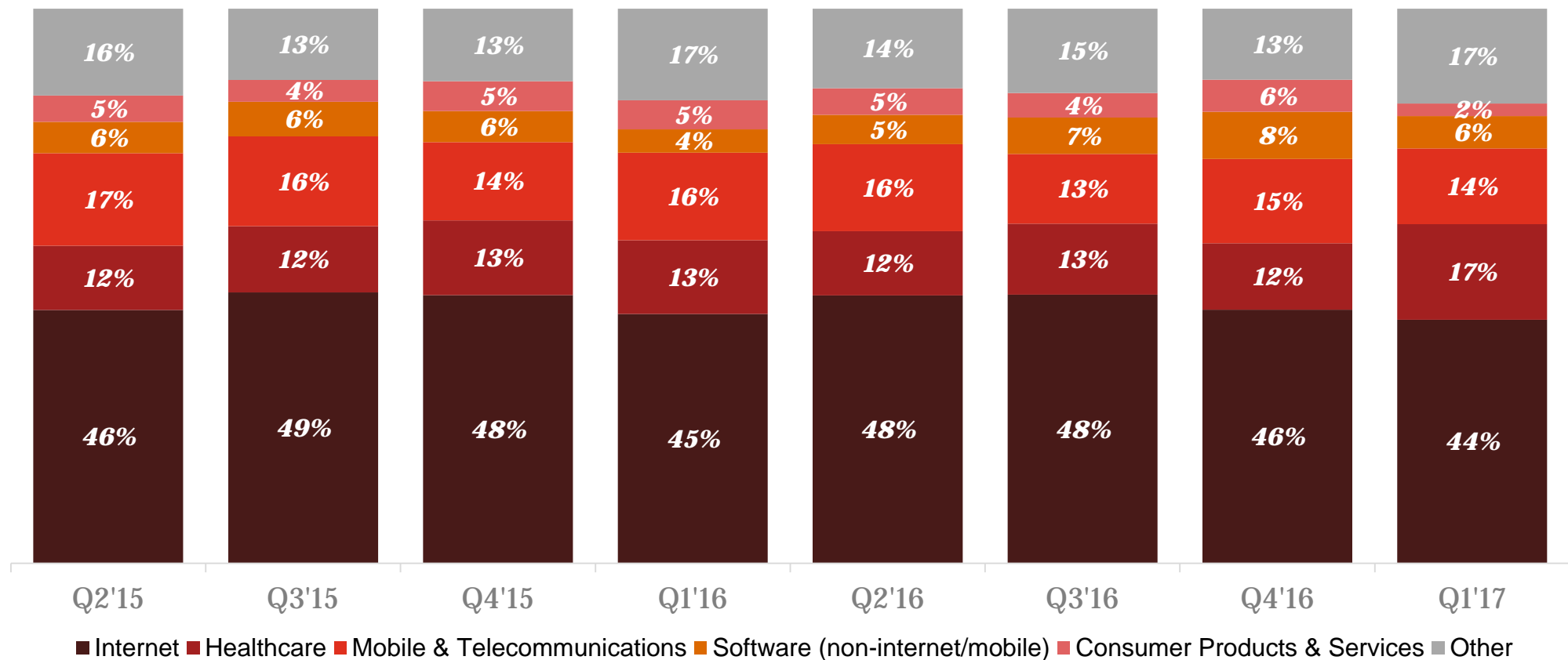
Industrial

US deal share by sector

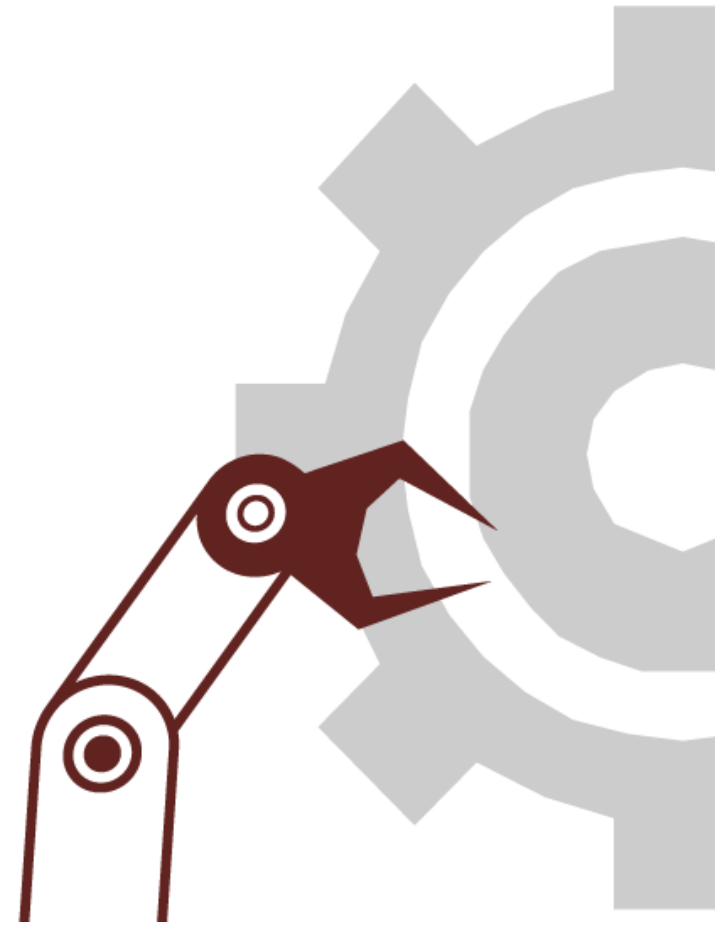
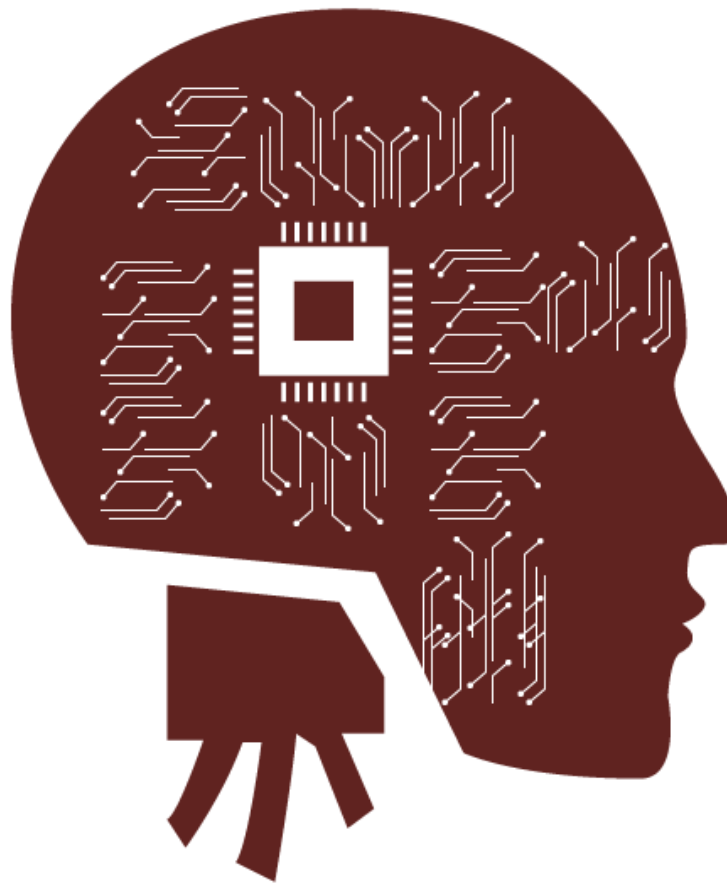


Internet deal share drops to two-year low; Healthcare rises

- Internet deal share declined to 44% in Q1'17, falling for the second-consecutive quarter.
- Despite an uncertain regulatory environment, Healthcare deal share spiked to a two-year high, representing 17% of all deals in Q1'17 and edging Mobile & Telecom for the second-place sector. The sector's activity was fueled by growth in the Biotechnology and Medical Device & Equipment spaces.



Thematic area spotlight: Artificial Intelligence

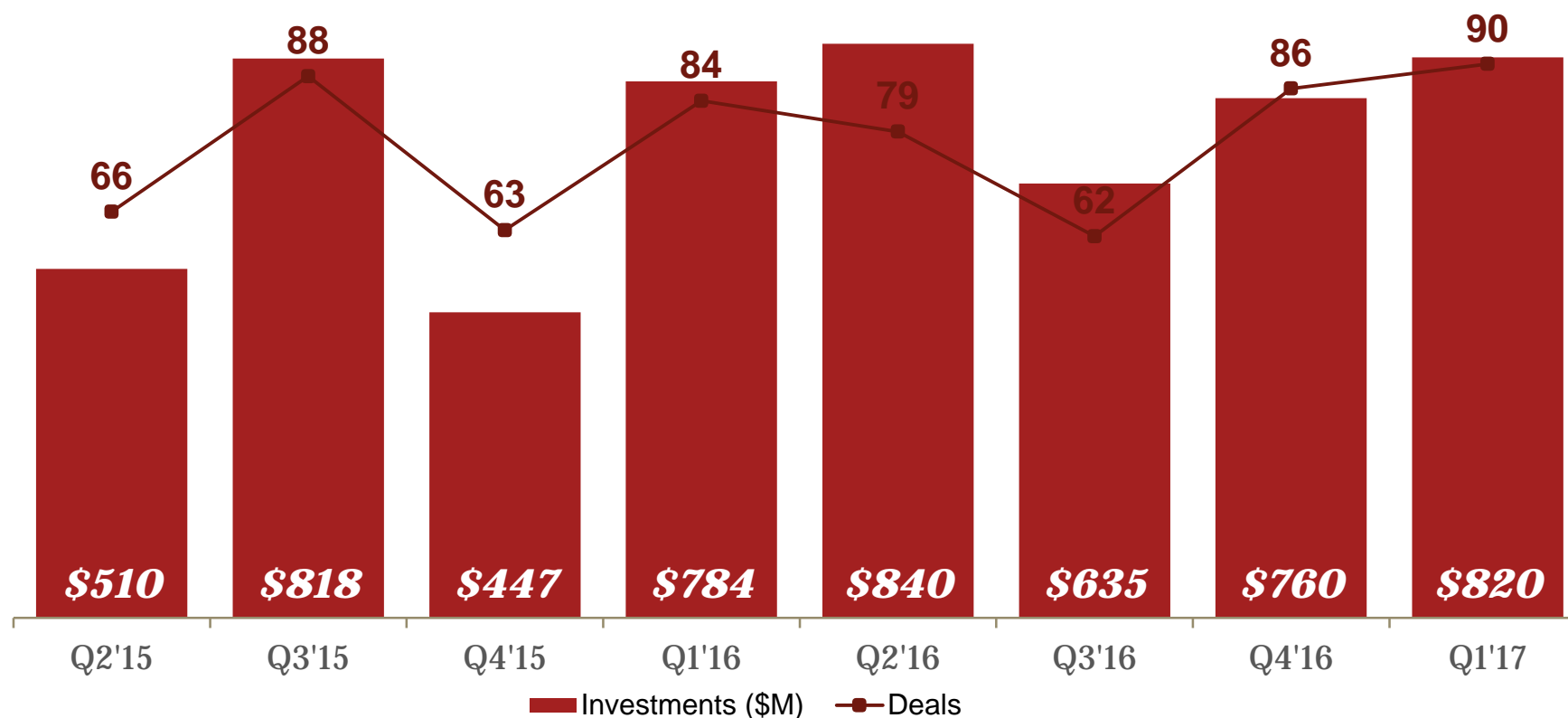


Artificial Intelligence: US funding over time



Artificial intelligence off to strong start in 2017

- Companies working in AI continue to draw the attention of VCs, corporates and other investors, with deal count reaching a two-year high of 90 in Q1'17.
- Quarterly funding has now topped \$500M in 7 of the past 8 quarters.

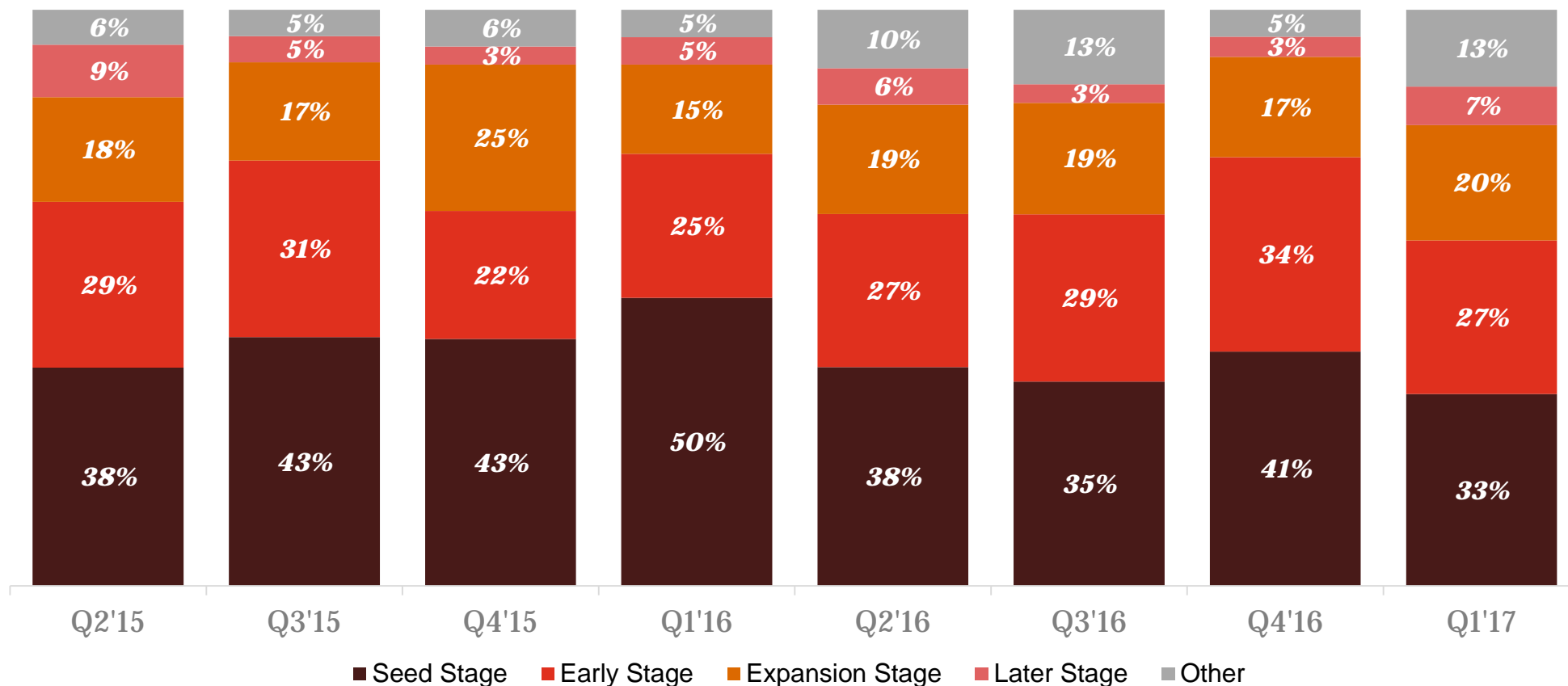


Artificial Intelligence: US deal share over time



AI seed activity trends downwards in Q1'17

- Seed share fell to a 2-year low in Q1'17, tracking the overall decline of seed deal share in the US.
- Later-stage share reached its highest level since Q2'15.



Artificial Intelligence: Top states by deals



1. CA

44 deals

\$461M Invested



2. NY

14 deals

\$78M Invested



3. MA

10 deals

\$96M Invested



4. WA

4 deals

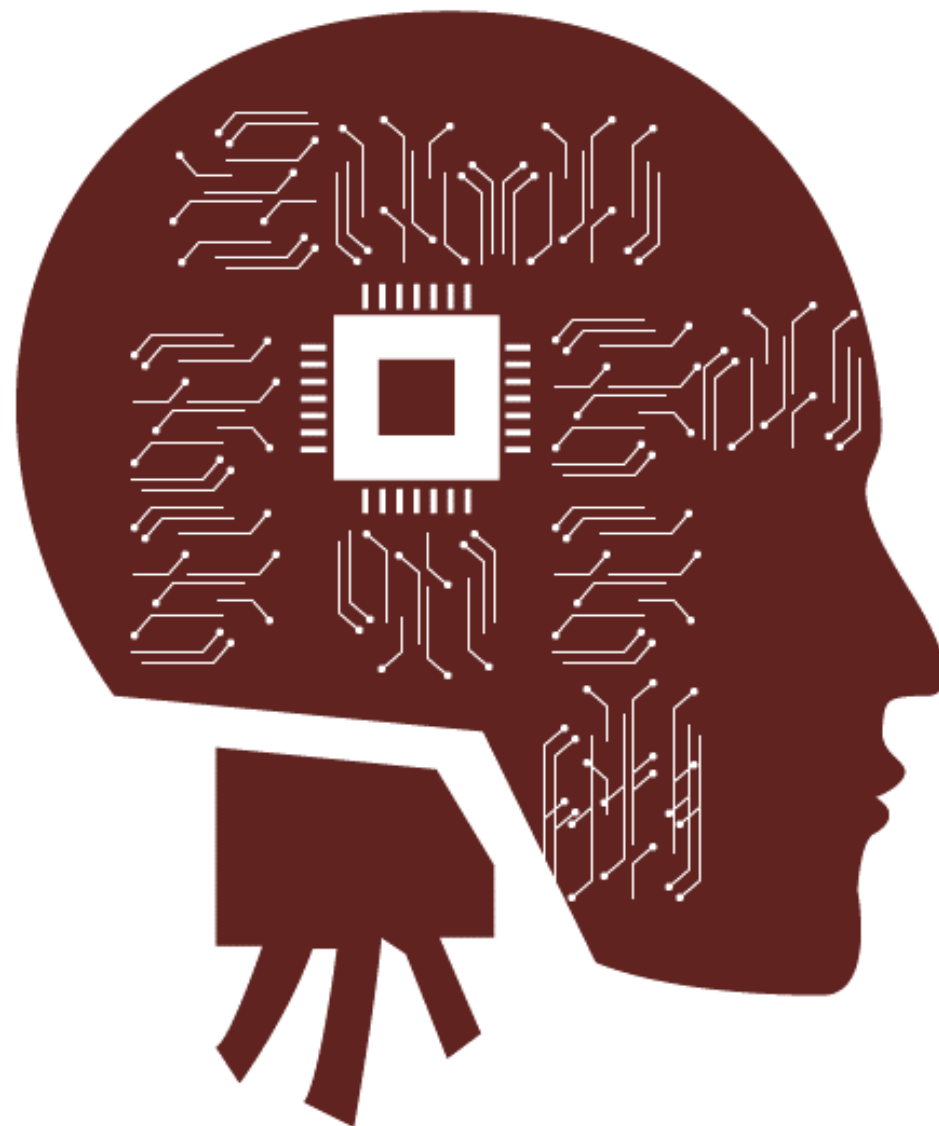
\$29M Invested



4. FL

4 deals

\$3M Invested



AI: Largest US deals of Q1'17



Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
SoundHound	Santa Clara, CA	Internet	Internet Software & Services		\$75M	Global Catalyst Partners, Kleiner Perkins Caufield & Byers, Samsung Catalyst Fund
SentinelOne	Mountain View, CA	Computer Hardware & Services	IT Services		\$70M	Redpoint Ventures, Sound Ventures, Third Point Ventures
Freenome	South San Francisco, CA	Software	Healthcare Software		\$65M	Andreessen Horowitz, GV, Founders Fund
DataRobot	Boston, MA	Internet	Internet Software & Services		\$54M	New Enterprise Associates, Recruit Strategic Partners
InsideSales	Provo, UT	Internet	Internet Software & Services		\$50M	Polaris Partners, Kleiner Perkins Caufield & Byers, Microsoft



Seed Stage



Early Stage



Expansion Stage



Later Stage

Artificial Intelligence (AI)



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We are seeing AI investments in Deep Learning and generalized use of Machine Learning Platforms, in addition to continued broad application by firms in the Cybersecurity and Digital Health thematic areas.

— **Anand Rao**, Principal, US Analytics Innovation & Development at PwC

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Thematic area spotlight: Digital Health

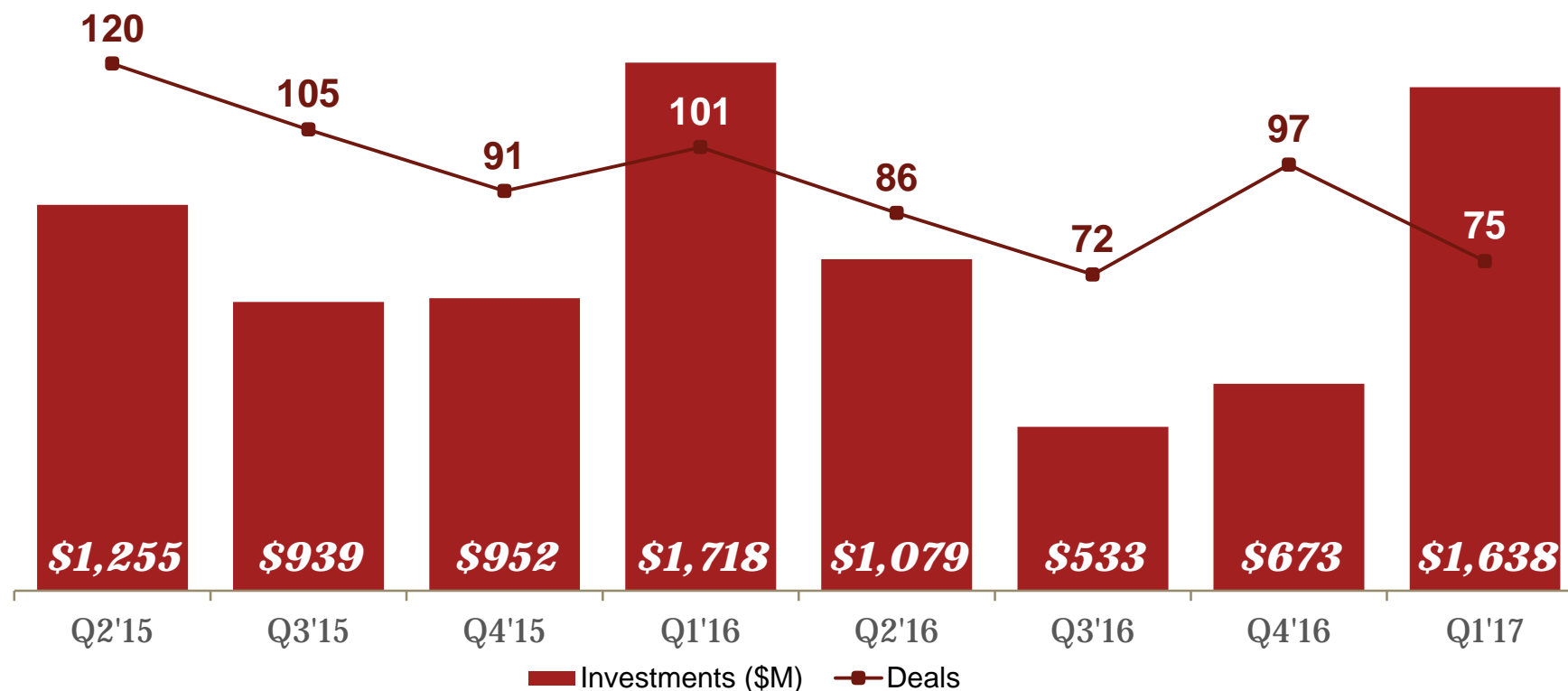


Digital Health: US funding over time



Grail financing boosts US digital health funding in Q1'17

- Quarterly deals slid 23% to 75, while mega-rounds to Illumina spinoff Grail (\$900M), Alignment Healthcare (\$115M) and PatientsLikeMe (\$100M) gave a strong boost to total funding.
- Outside of surges in Q1'16 and Q4'16, deal activity to US digital health companies has generally trended downwards over the past two years.

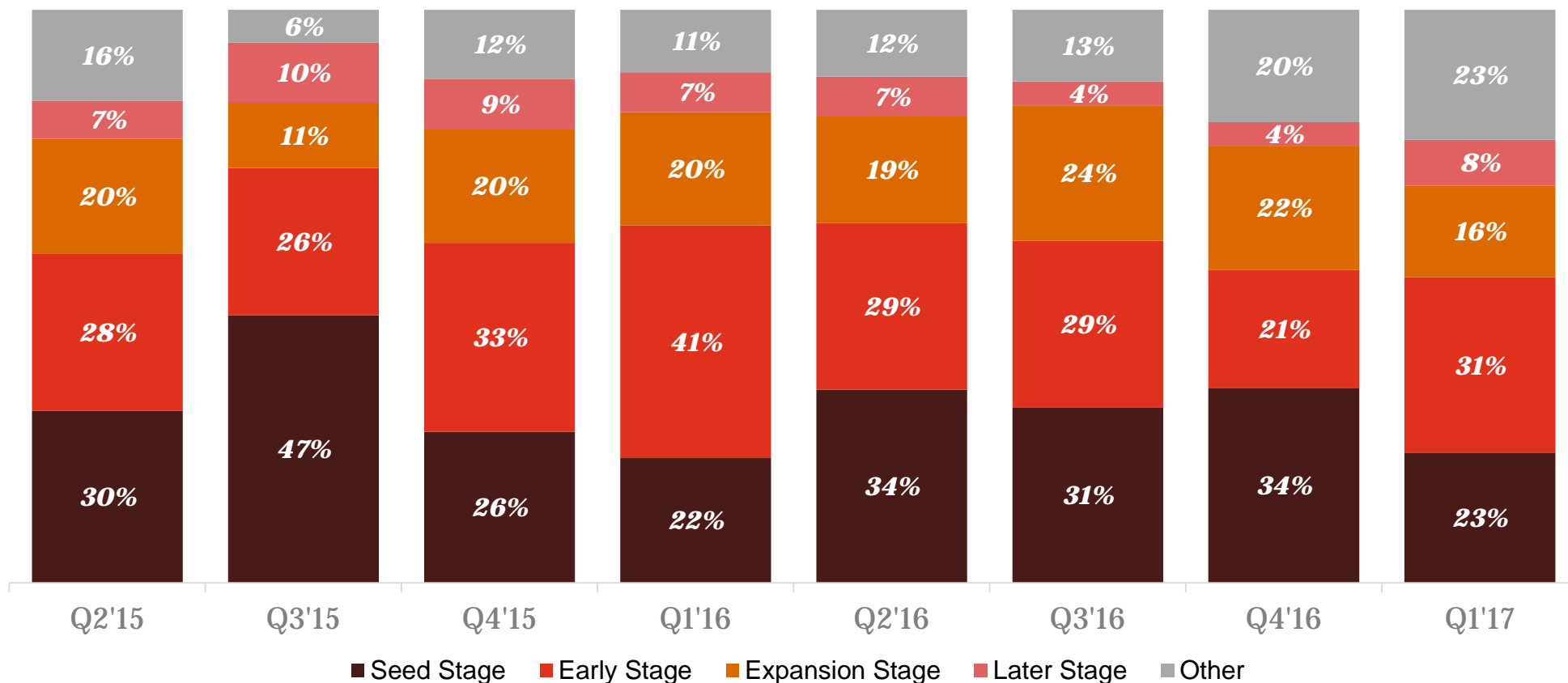


Digital Health: US deal share over time



Seed activity off to a slow start in Q1'17

- After topping 30% for 3-straight quarters, seed deals represented just under a quarter of all deals in the first quarter of 2017, nearly matching the 8-quarter low of Q4'15.
- Late-stage share hit 8% after bottoming out at 4%, while early-stage share topped 30% for the first time in 5 quarters.



Digital Health: Top states by deals



1. CA

30 deals

\$1366M Invested

2. NY

8 deals

\$50M Invested

3. MA

6 deals

\$127M Invested

4. PA

4 deals

\$2M Invested

5. FL

3 deals

\$3M Invested



Digital Health: Largest US deals of Q1'17



Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
GRAIL	Menlo Park, CA	Healthcare	Disease Diagnosis		\$900M	Amazon, Arch Venture Partners, Merck & Co.
Alignment Healthcare	Irvine, CA	Healthcare	Healthcare Plans		\$115M	Warburg Pincus
PatientsLikeMe	Cambridge, MA	Internet	Internet Software & Services		\$100M	iCarbonX, Invus Group
Nuna	San Francisco, CA	Internet	Internet Software & Services		\$90M	Kleiner Perkins Caufield & Byers
Freenome	South San Francisco, CA	Healthcare	Disease Diagnosis		\$65M	Andreessen Horowitz, GV, Founders Fund



Seed
Stage



Early
Stage



Expansion
Stage



Later
Stage



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Digital Health funding has surged since the prior quarter (a 143% increase), largely due to three mega-rounds totaling in excess of \$1.1B. Investments in data analytics, disease diagnosis, online patient communities and population health continue to demonstrate the impact of Digital Health on value-based care delivery.

— **Vaughn Kauffman**, *Principal, US Health Industries New Entrants Leader at PwC*

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Thematic area spotlight: Cybersecurity

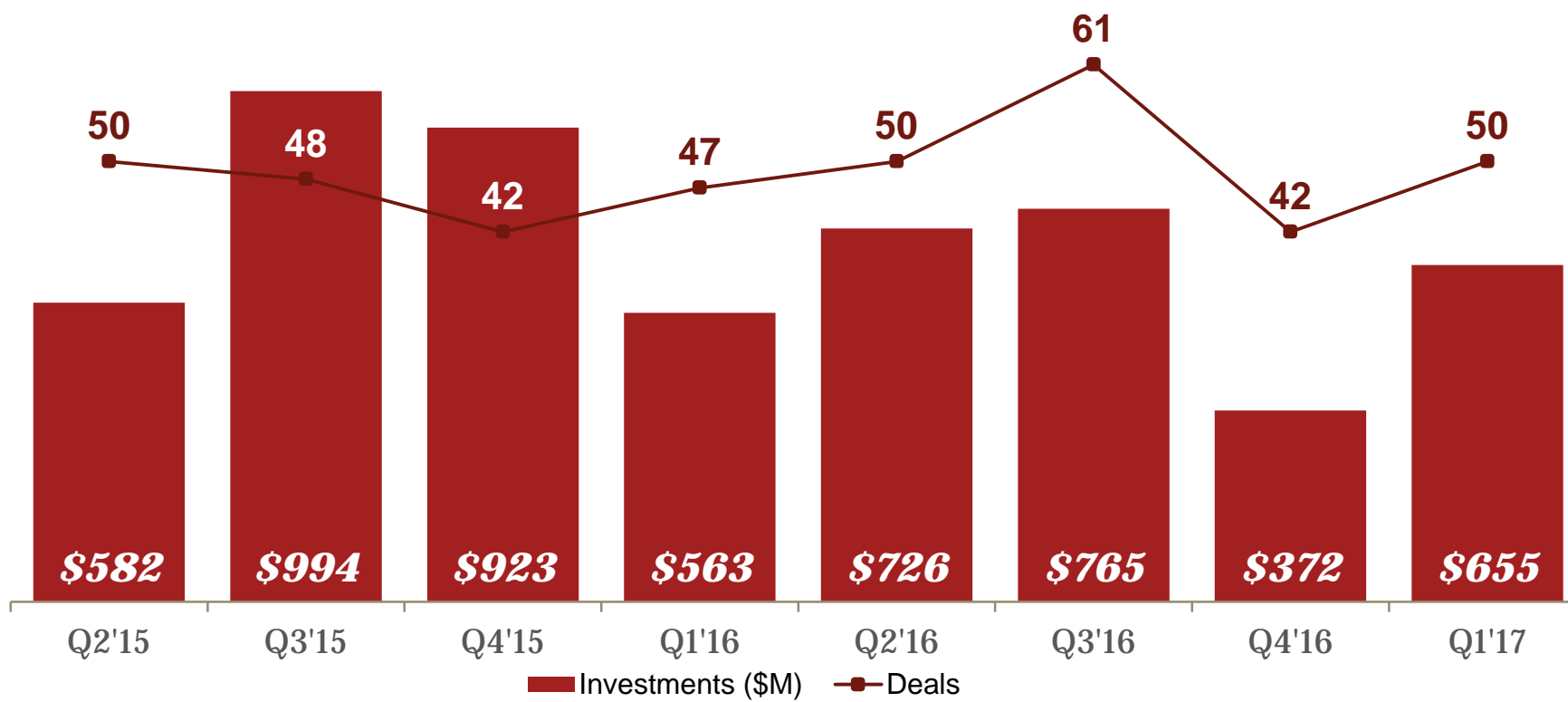


Cybersecurity: US funding over time



Cybersecurity funding rises in Q1'17 after dip

- Deals and dollars to VC-backed cybersecurity companies plunged in Q4'16 after climbing through the first three quarters of 2016 (and peaking in Q3'16).
- However, investment has recovered in Q1'17, with deals rising 19% to 50 and investment climbing 76% to \$655M.

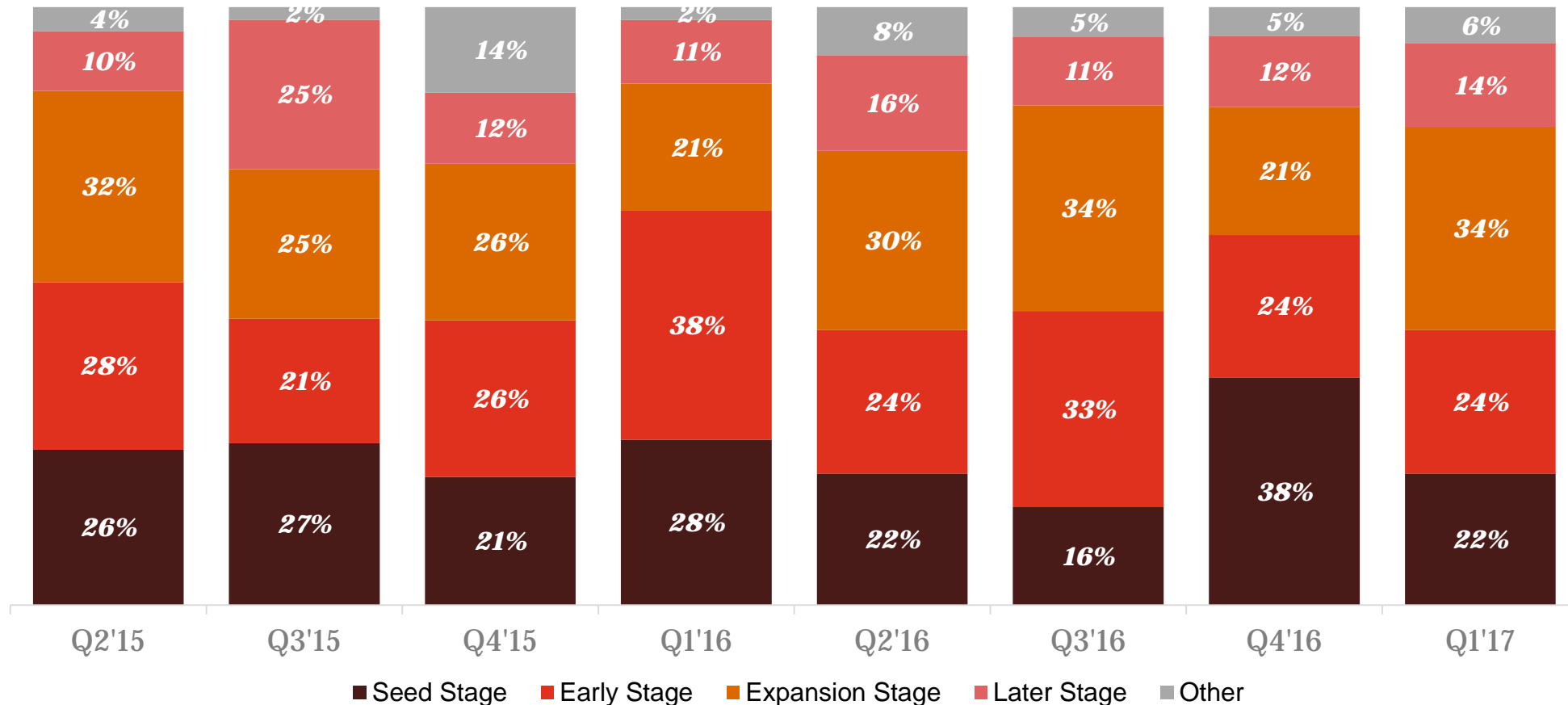


Cybersecurity: US deal share over time



Cybersecurity seed deal share retreats

- Seed rounds accounted for over a third of all deals in Q4'16, as seed activity held steady while deal count across other stages fell sharply. Stage distribution has mostly rebalanced in Q1'17.
- After a surge back in Q3'15, later-stage deal share has remained relatively range-bound.



Cybersecurity: Top states by deals



1. CA

21 deals

\$367M Invested

2. MA

4 deals

\$25M Invested

2. VA

4 deals

\$116M Invested

4. MD

3 deals

\$52M Invested

4. NY

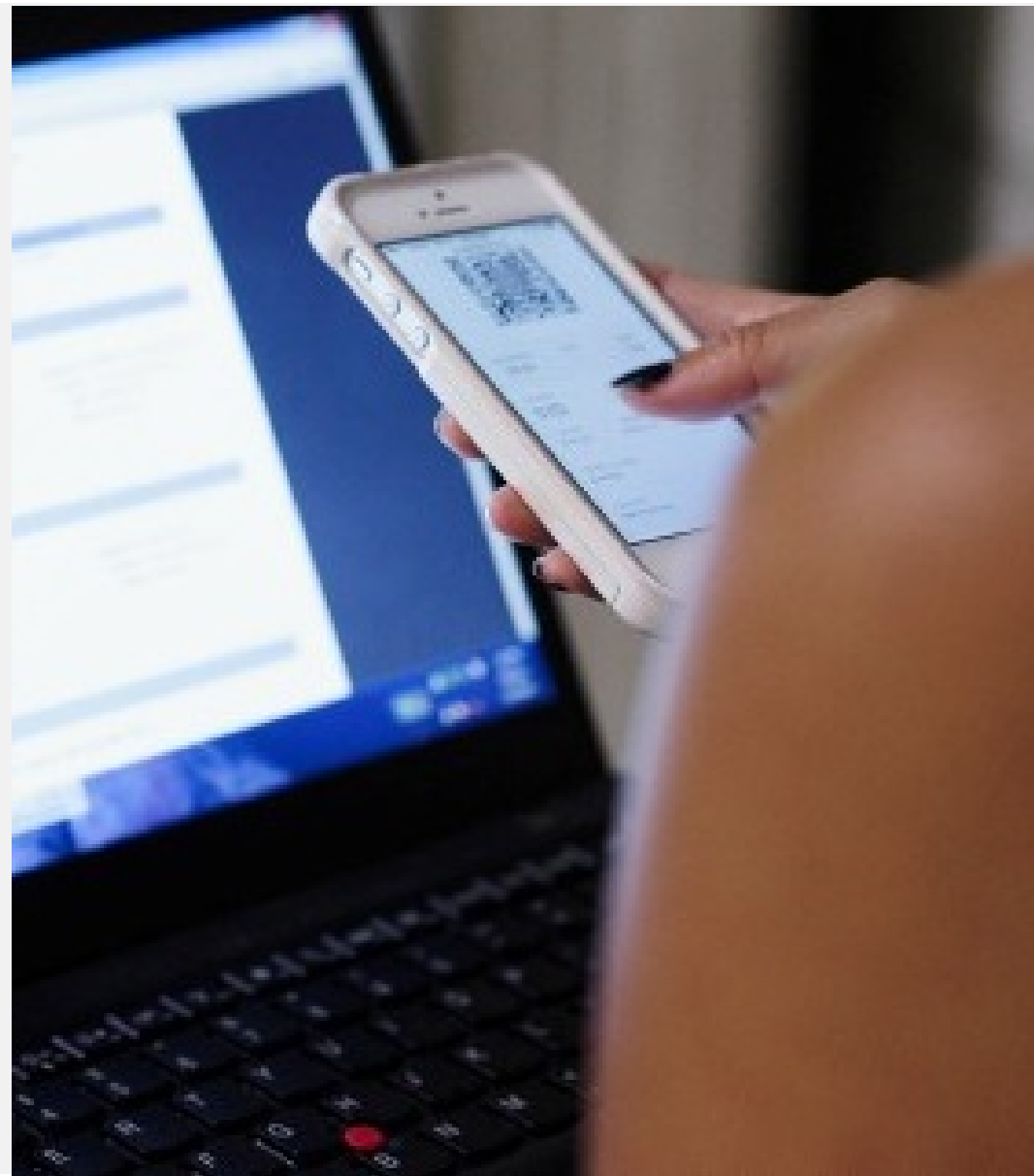
3 deals

\$28M Invested

4. CO

3 deals

\$26M Invested



Cybersecurity: Largest US deals of Q1'17



Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
Verisys	Alexandria, VA	Internet	Internet Software & Services		\$72.5M	Cressey & Company, Spectrum Equity Investors
SentinelOne	Mountain View, CA	Computer Hardware & Services	IT Services		\$70M	Redpoint Ventures, Sound Ventures, Third Point Ventures
Netwrix	Irvine, CA	Internet	Internet Software & Services		\$51M	Update Partners
Bitglass	Campbell, CA	Internet	Internet Software & Services		\$45M	Australian Future Fund, New Enterprise Associates, Norwest Venture Partners
Fugue	Frederick, MD	Computer Hardware & Services	IT Services		\$41M	Australian Future Fund, Maryland Venture Fund, New Enterprise Associates



Seed
Stage



Early
Stage



Expansion
Stage



Later
Stage



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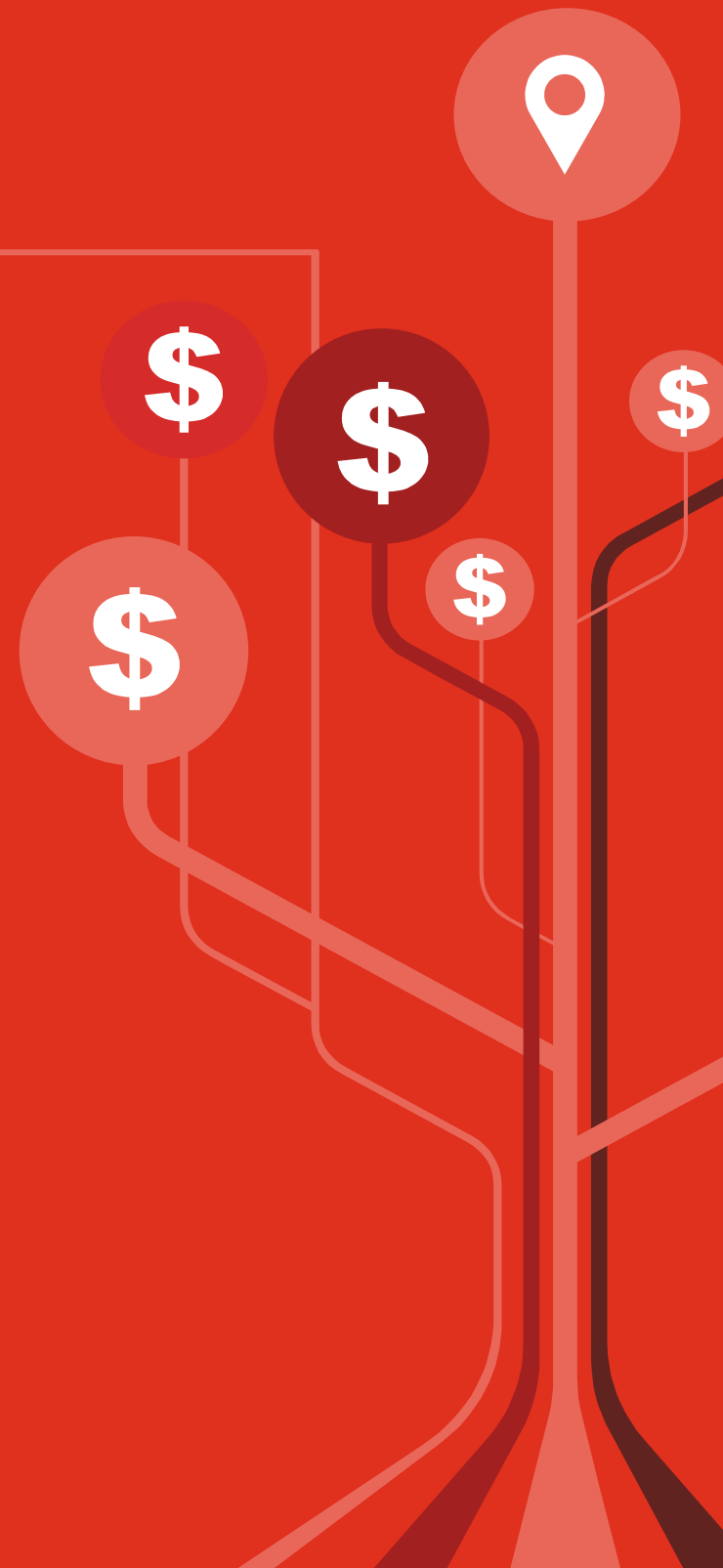
A 76% investment increase (to \$700M) from last quarter addresses a growing concern in healthcare, especially given recent disruptive ransomware incidents, and the increasing cost of breaches. We also see the continued investment in solutions that ease the deployment of Cybersecurity solutions across enterprises and mobile environments.

— **David Burg**, *Principal, Global Cybersecurity and Privacy Leader at PwC*

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03

US Places



US top five regions of Q1'17 by deals



\$3,471M



San Francisco (N. Bay Area)

212

\$1,484M



New York Metro

154

\$2,741M



Silicon Valley (S. Bay Area)

113

\$1,909M



New England

109

\$694M



Southeast

76

Mega-rounds



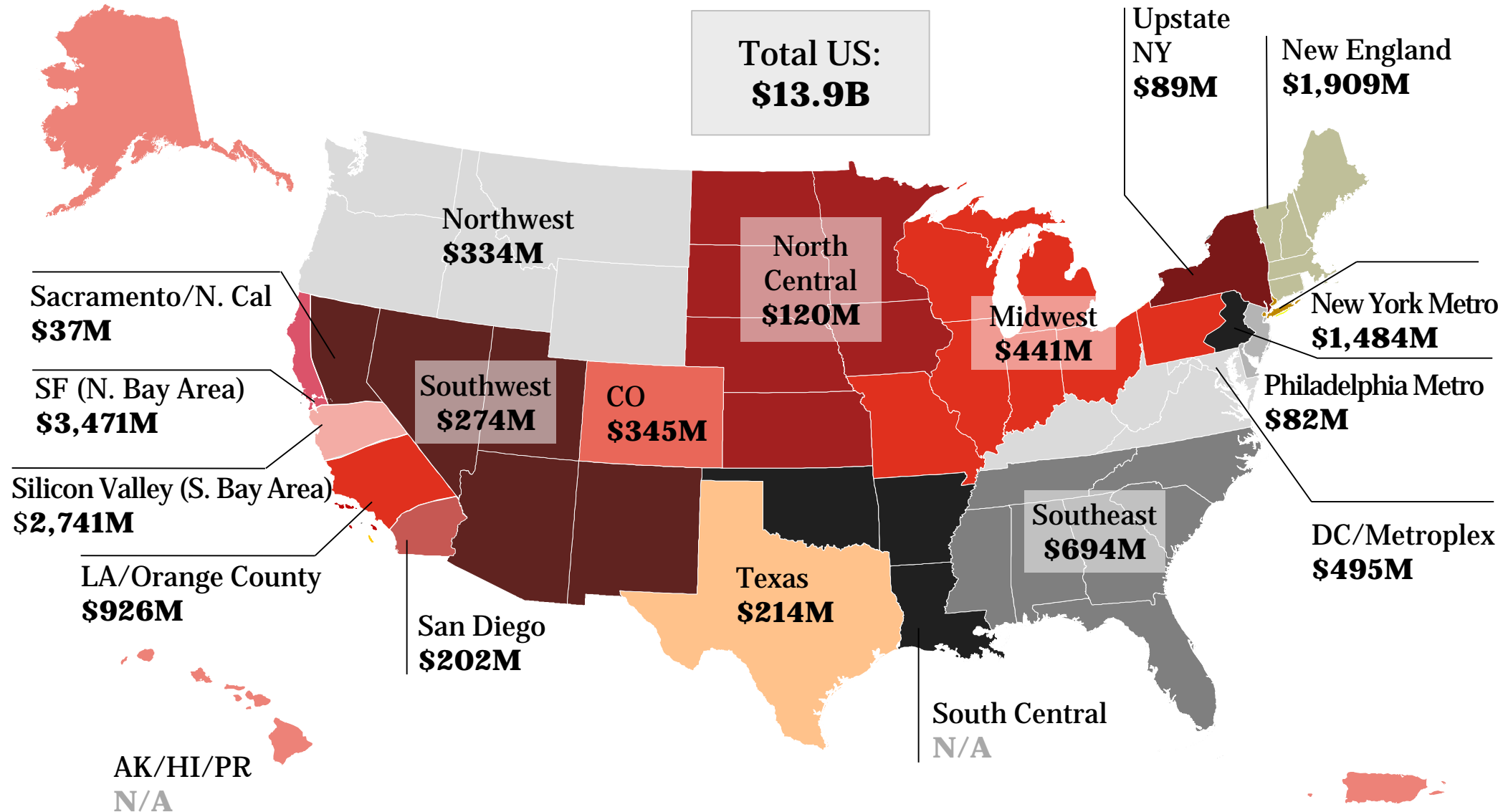
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US mega-rounds rose to 17 during Q1, up from only 12 the previous quarter. While some of the larger financings included familiar late stage names, an unusual feature was that several hardware-focused startups received financings of more than \$100M, including in areas such as the Internet of Things and AutoTech.

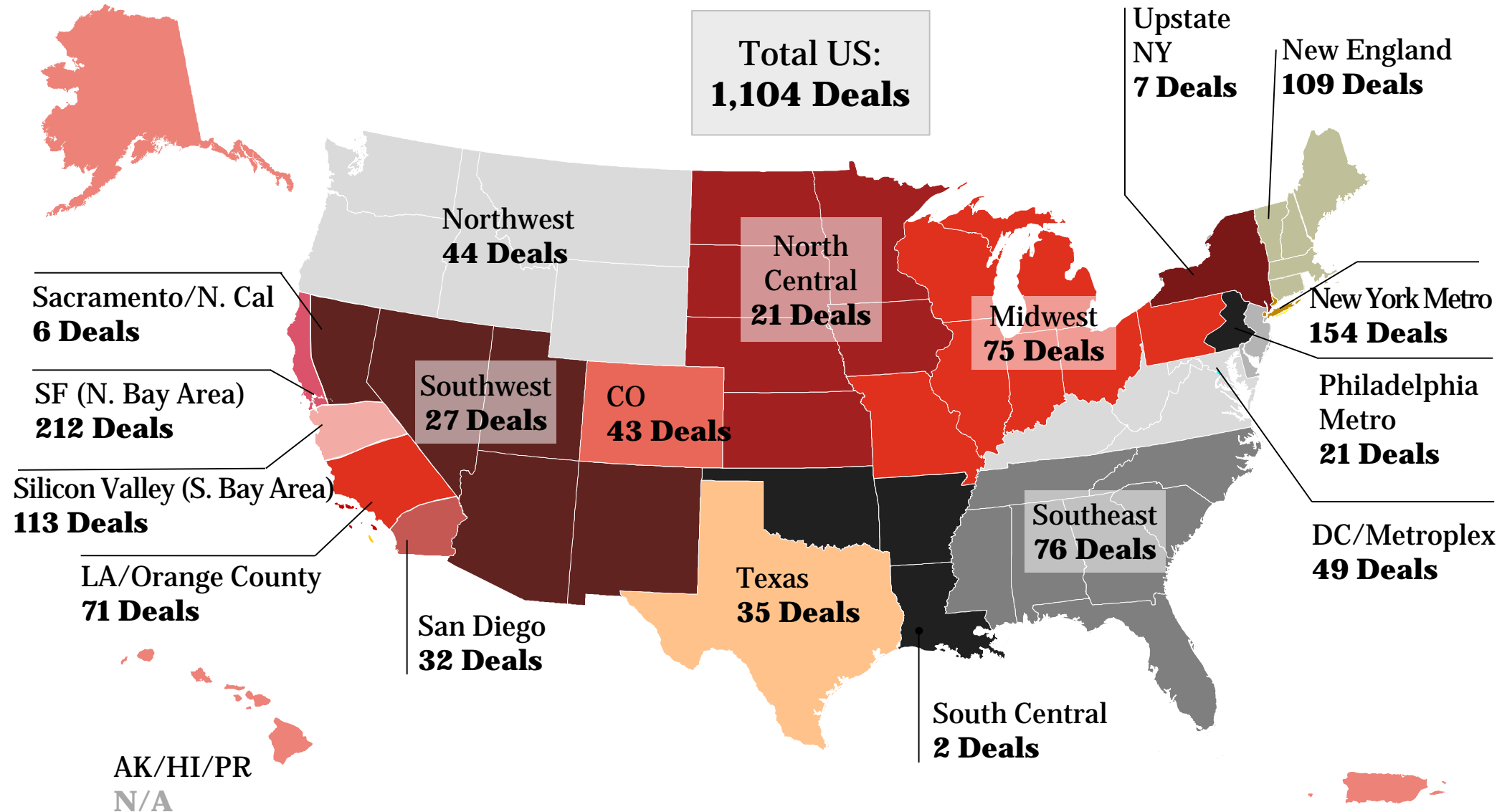
— **Tom Ciccolella**, Partner, US Ventures Leader at PwC

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US: Q1'17 funding by region



US: Q1'17 deals by region



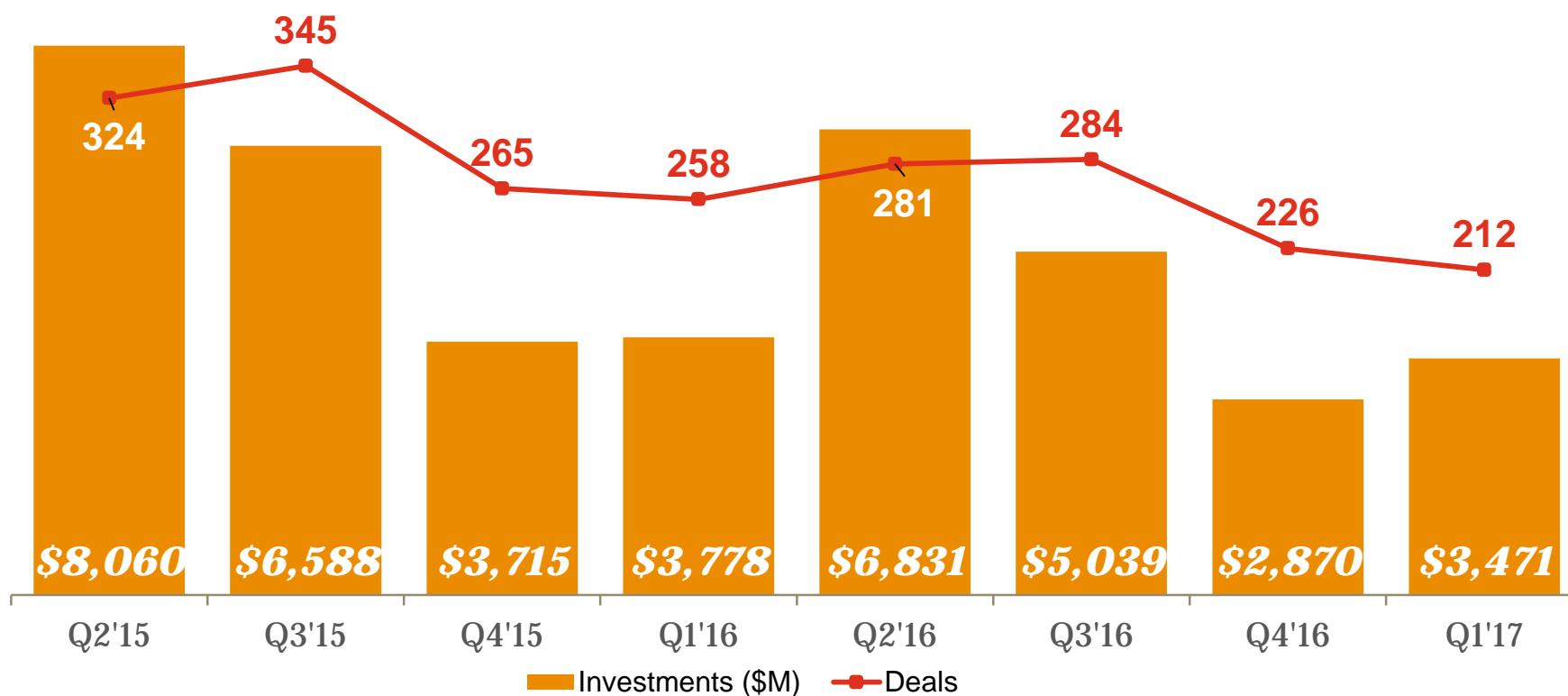


8-quarter financing trend:

San Francisco (North Bay Area)

Q1'17 San Francisco deals slow to two-year low

- With 212 deals completed in the quarter, Q1'17 is down 39% from the peak of 345 in Q3'15.
- Quarterly funding rose 21% after bottoming out in Q4'16, but has still reset relative to the heady days of Q2'15 and Q3'15. Social Finance, Airbnb, and Instacart all saw \$400M+ fundings in Q1'17.



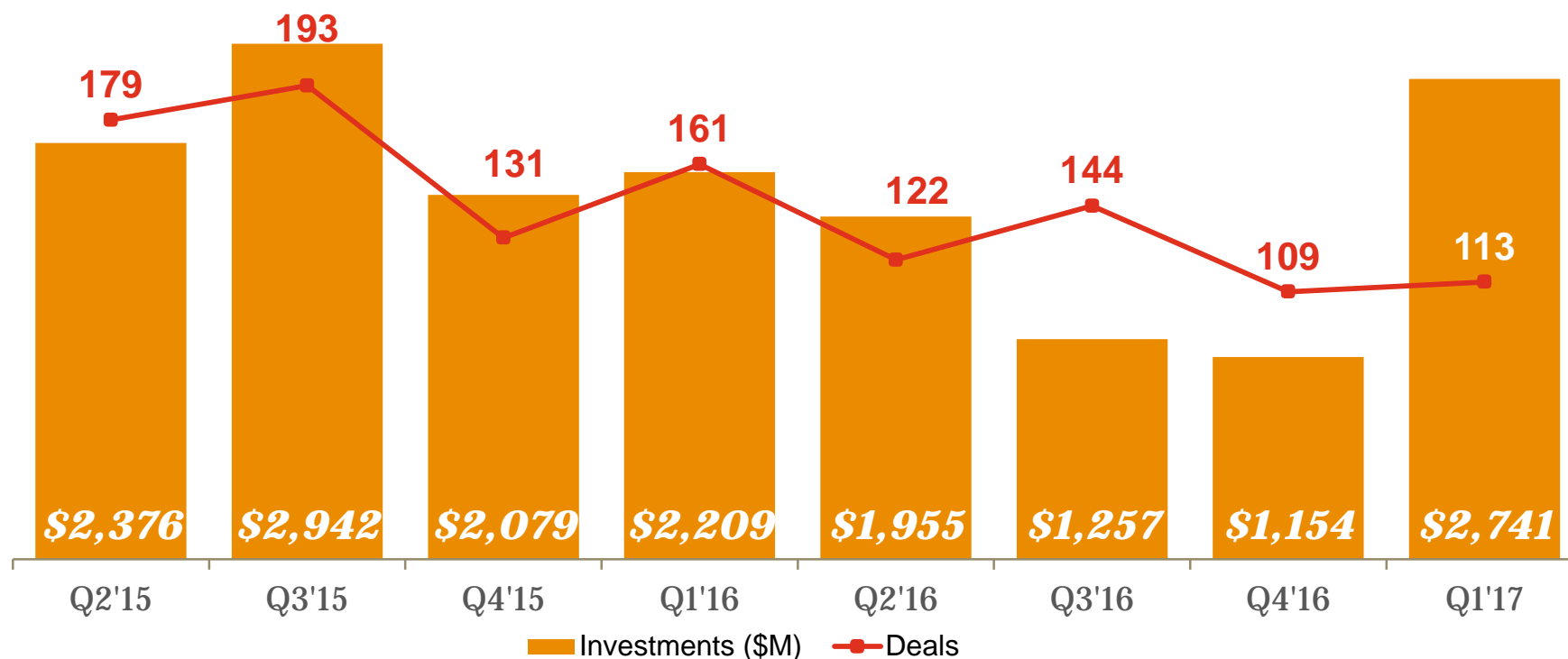


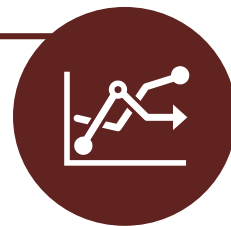
8-quarter financing trend:

Silicon Valley (South Bay Area)

Mega-rounds lift Silicon Valley funding over \$2.7B

- Deal activity of 113 was essentially flat from the 8-quarter low seen in Q4'16.
- With over \$2.7B in funding, Q1'17 saw the second-highest quarterly total of the past two years, driven by a \$900M round to a Menlo Park-based cancer detection company.





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San Francisco (\$3.5B, +21% QoQ) and Silicon Valley (\$2.7B, +137% QoQ) continue to battle for the top venture ecosystem ranking. San Francisco's four mega-rounds raised \$1.5B in total, beating Silicon Valley's three mega-rounds that raised \$1.1B, including the US's single largest US deal this quarter (\$900M).

— **Danny Wallace**, Partner, US Emerging Company Services Co-leader at PwC

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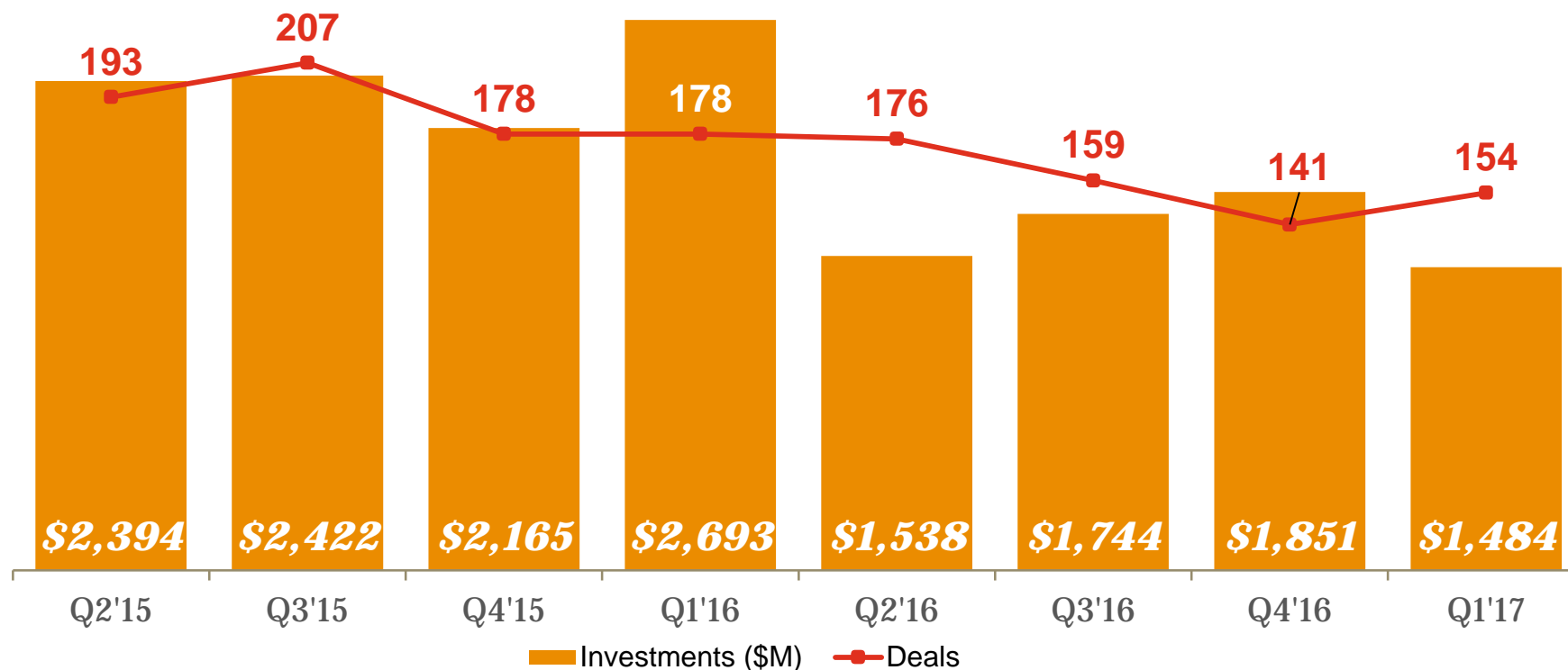


8-quarter financing trend:

New York Metro

Deal and dollar activity diverges in New York Metro

- After three consecutive quarters of declining deal activity, deal count rose 9% from the prior quarter to 154. However, quarterly funding fell 20% to an 8-quarter low, with just one Q1'17 mega-round for the region.



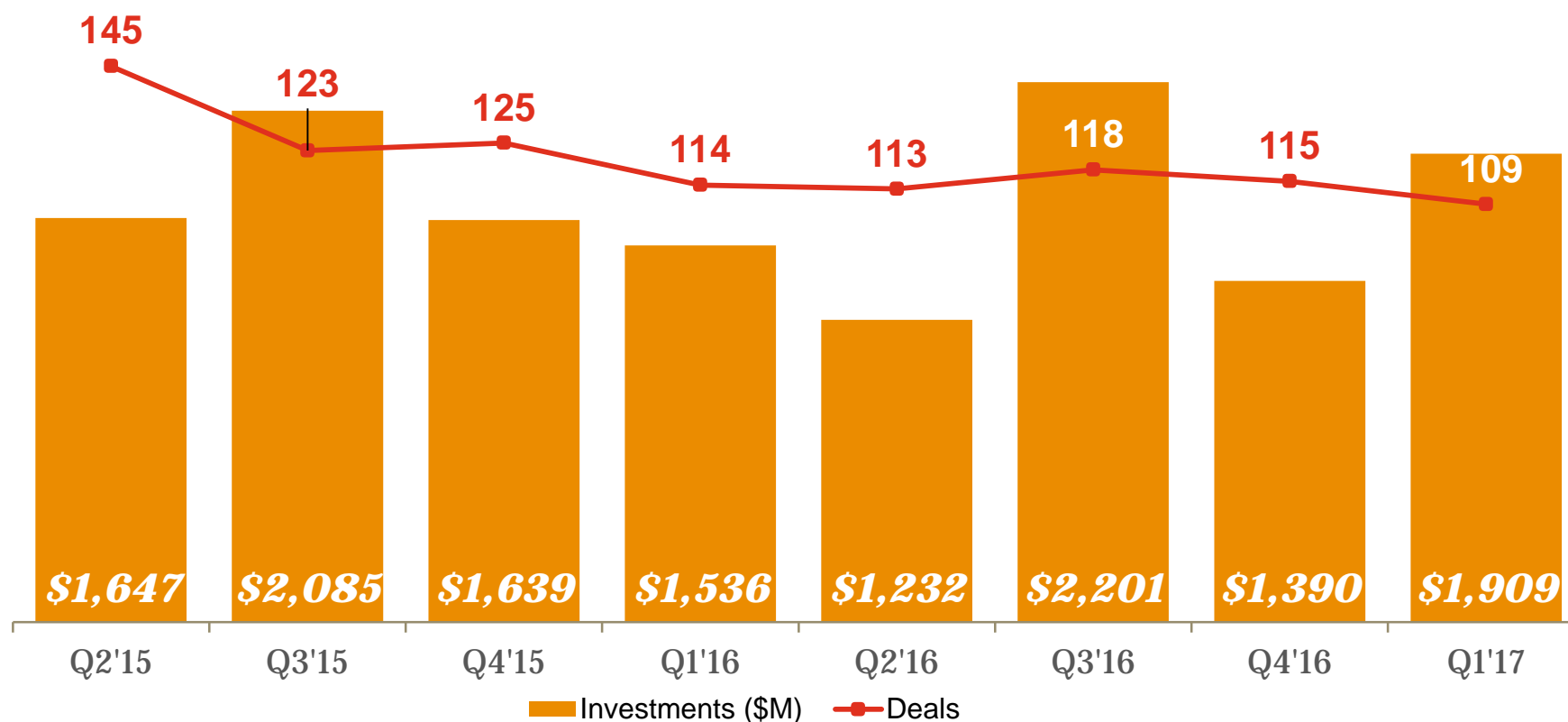


8-quarter financing trend:

New England

Deals sink to 8-quarter low, but funding propelled by mega-rounds

- Q1'17 deal count fell to 109, down 5% from Q4'16 and 25% from the 145 deals of Q2'15.
- However, total funding neared \$2B for the quarter, with companies like Fuze, DraftKings, ClearMotion and more receiving \$100M+ financings.



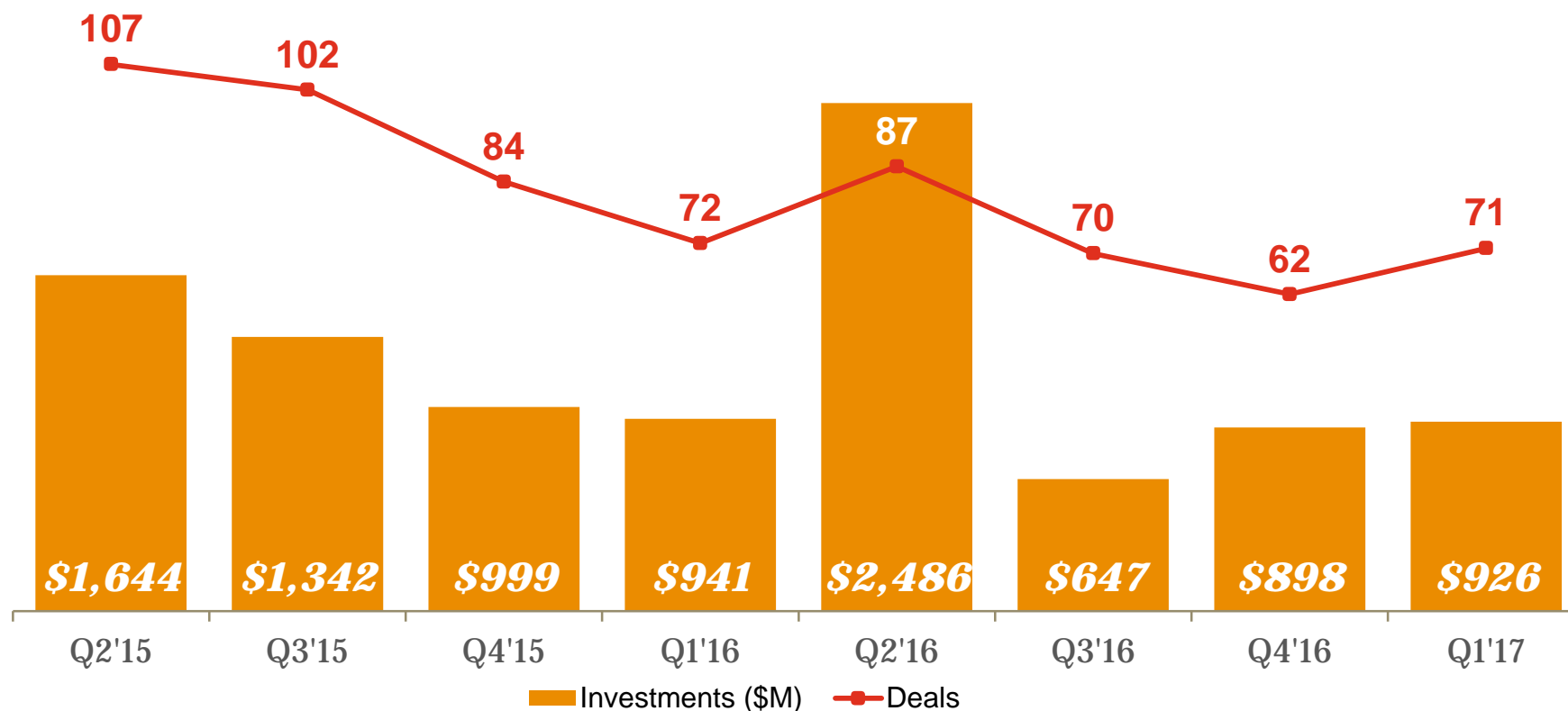


8-quarter financing trend:

LA/Orange County

In LA/Orange County, funding nears \$1B mark

- With \$926M invested across 71 deals in Q1'17, deal activity rose 15% from Q4'16 while funding inched up 3%.
- Like most other regions, investment has returned to earth relative to the frantic pace of early-mid 2015.



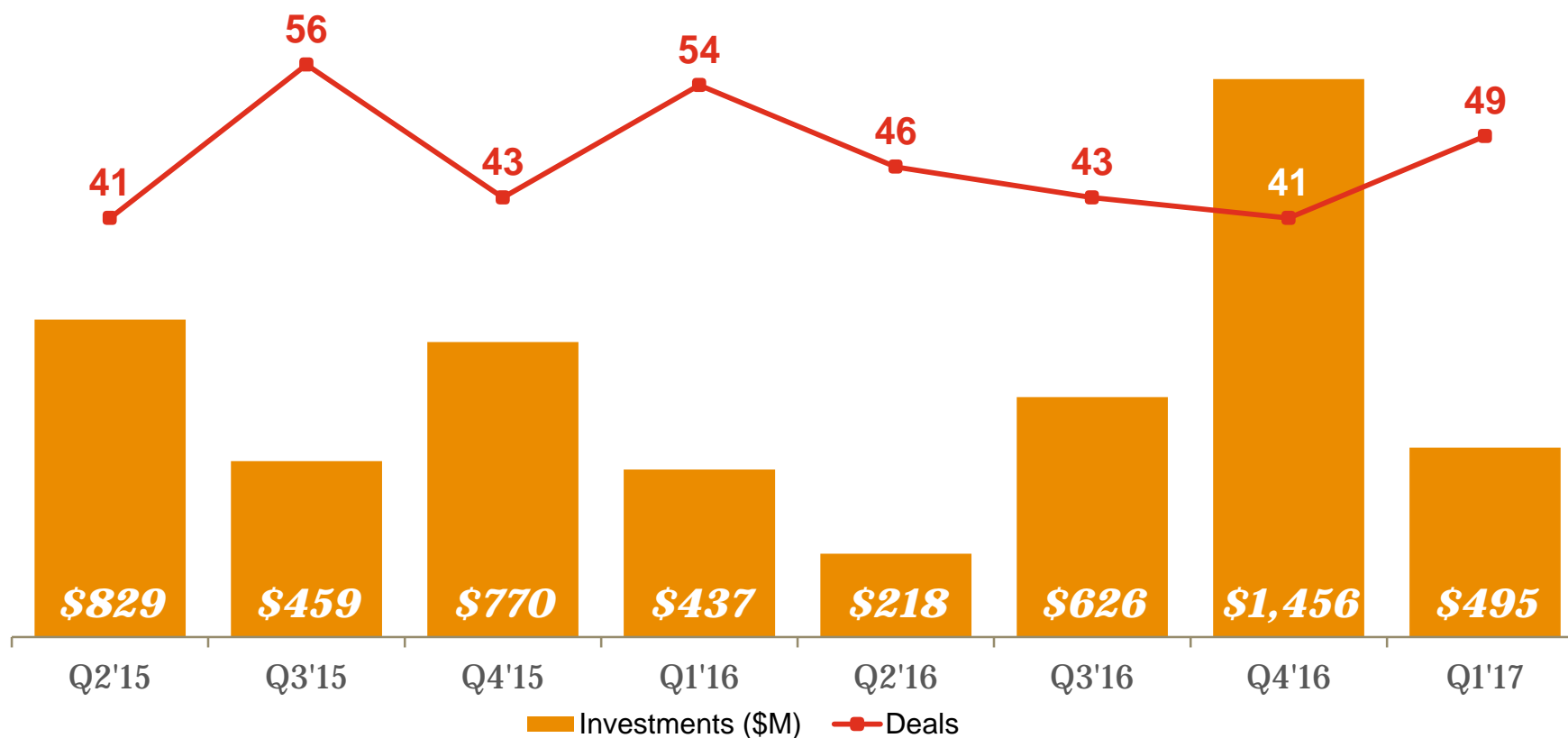


8-quarter financing trend:

DC/Metroplex

DC/Metroplex sees deal growth

- Quarterly deal count grew in Q1'17 for the first time since a year prior. Dollar investment fell off after last quarter's \$1.2B OneWeb round.
- Cybersecurity companies Verisys and Fugue each saw \$40M+ rounds in Q1'17.



US: Top 10 states of Q1'17 by deals



437 deals
\$7,379M



35 deals
\$196M



150 deals
\$1,399M



25 deals
\$288M



95 deals
\$1,820M



25 deals
\$154M



43 deals
\$345M



24 deals
\$157M



35 deals
\$214M



23 deals
\$129M

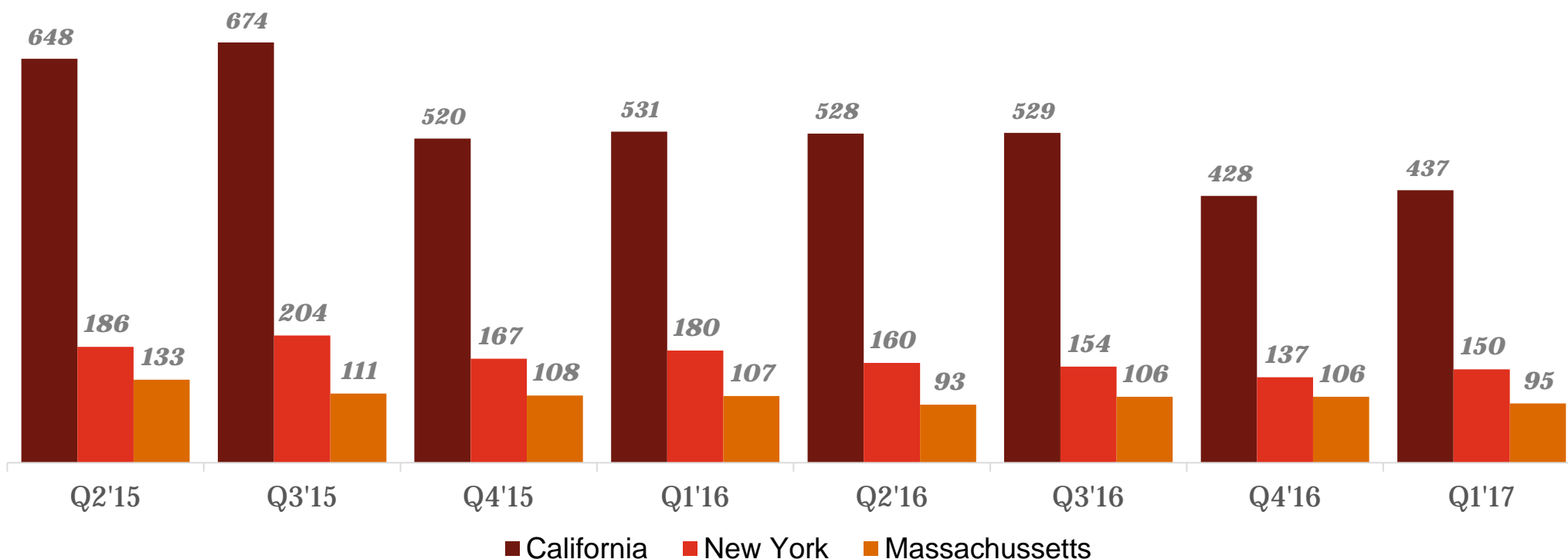


Q1'17 Regional comparison: Deals

CA vs. NY vs. MA

California remains king, but relative gap to New York, Mass. narrows

- Total deals to VC-backed companies in California slipped noticeably in Q4'15, and again in Q4'16.
- While deal activity has fallen broadly since Q3'15 across these top states, California has seen a proportionally greater decline. California's Q1'17 deal count of 437 is 54% lower than the high-water mark of Q3'15, whereas New York's total of 150 is 36% below the Q3'15 quarter.



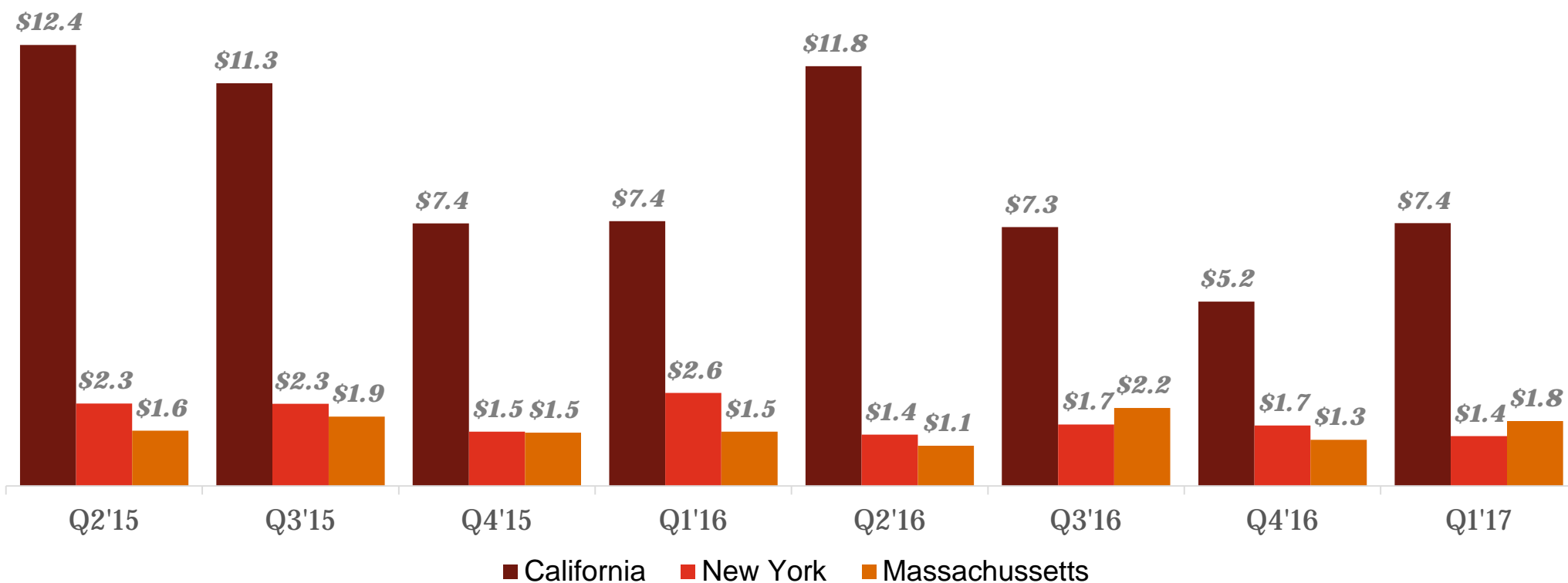


Q1'17 Regional comparison: Financing

CA vs. NY vs. MA

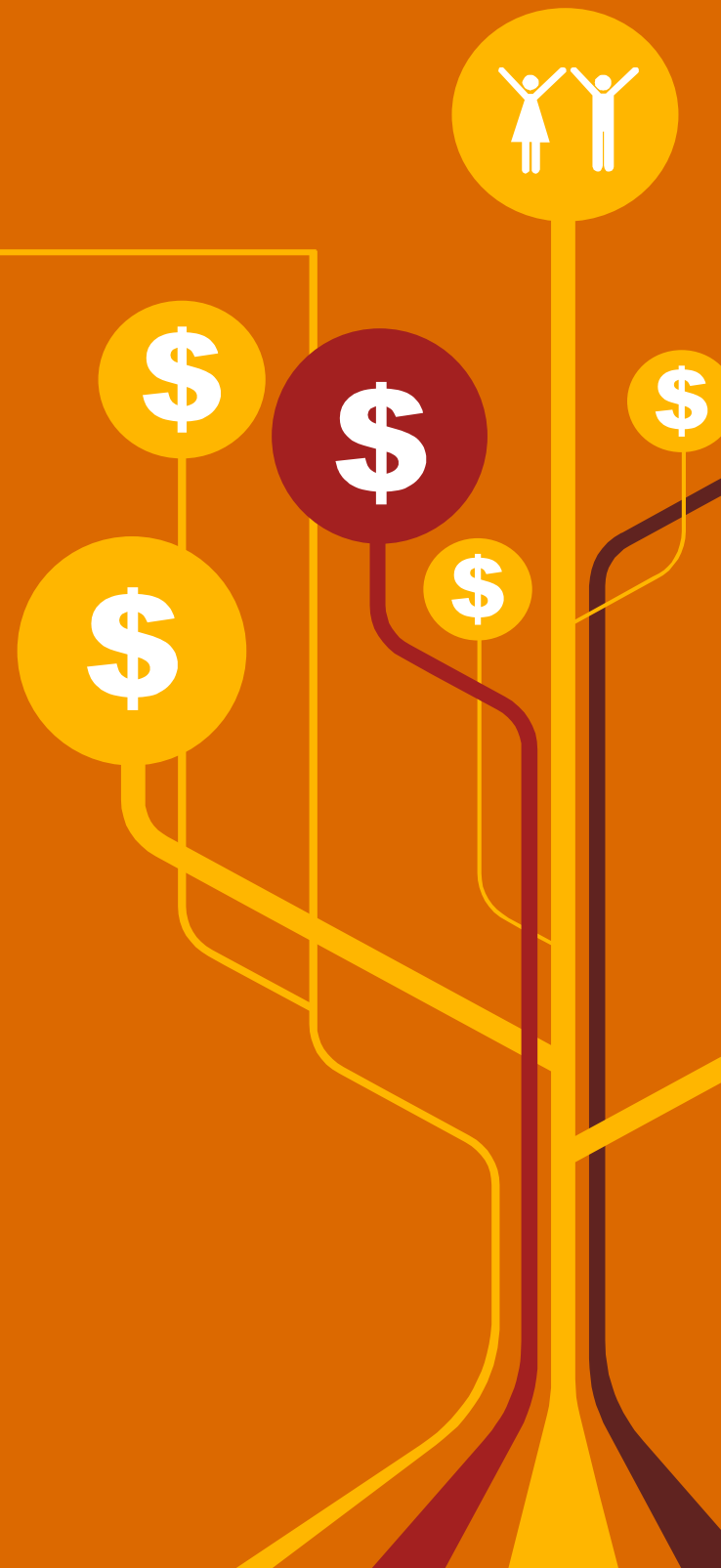
Massachusetts bumps New York for second-place spot

- Large financings to Grail, Social Finance, Airbnb, and Instacart accounted for a collective \$2.2B, lifting California's Q1'17 total over \$7B.
- Massachusetts also saw a series a mega-rounds, boosting the state's quarterly funding over New York for just the second time since Q2'15.



04

US Movers and Shakers



Largest US deals of Q1'17



Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
GRAIL	Menlo Park, CA	Healthcare	Disease Diagnosis		\$900M	Amazon, Arch Venture Partners, Merck & Co.
Social Finance	San Francisco, CA	Internet	eCommerce		\$500M	GPI Capital, Silver Lake Partners, SoftBank Group
Airbnb	San Francisco, CA	Internet	eCommerce		\$448M	China Investment Corporation
Instacart	San Francisco, CA	Mobile & Telecommunications	Mobile Commerce		\$400M	Sequoia Capital, Andreessen Horowitz, Y Combinator
WeWork	New York, NY	Business Products & Services	Facilities		\$300M	SoftBank Group



Seed Stage



Early Stage



Expansion Stage



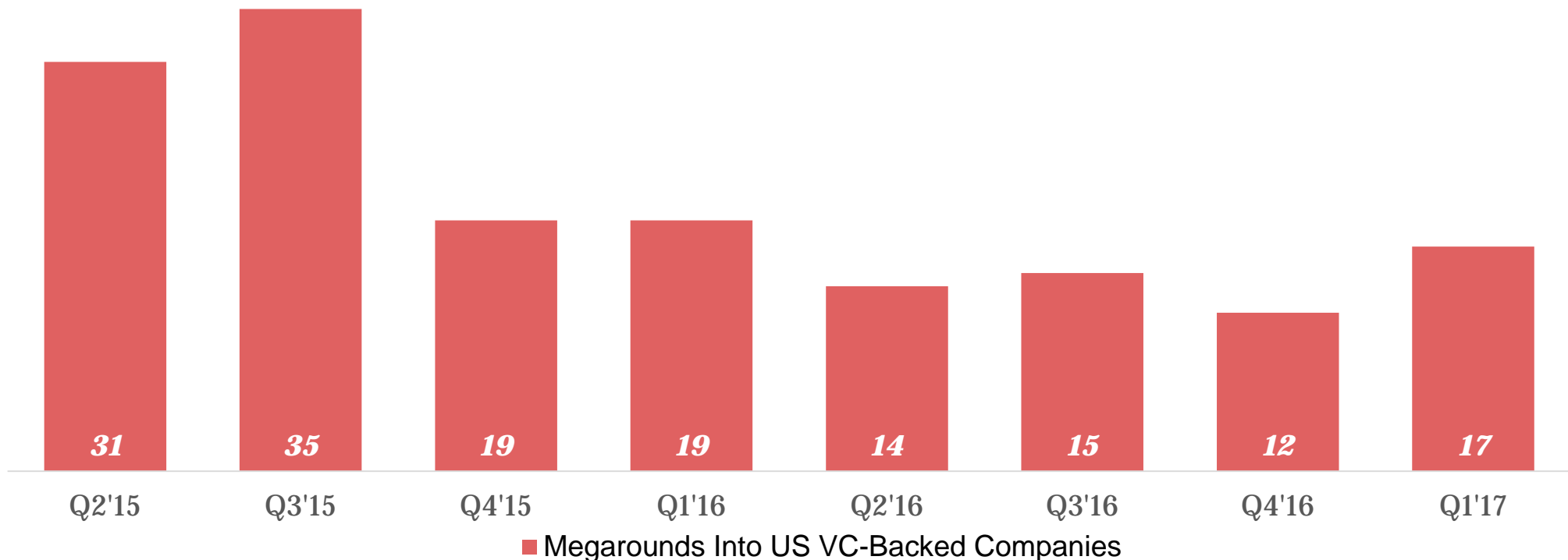
Later Stage

US mega-round activity



\$100M+ financings rebound from 8-quarter low

- US-based companies saw 17 rounds of \$100M or more in Q1'17, the highest quarterly figure since the same quarter the previous year.
- Established names like SoFi, Airbnb, and Instacart raised some of the quarter's largest rounds.

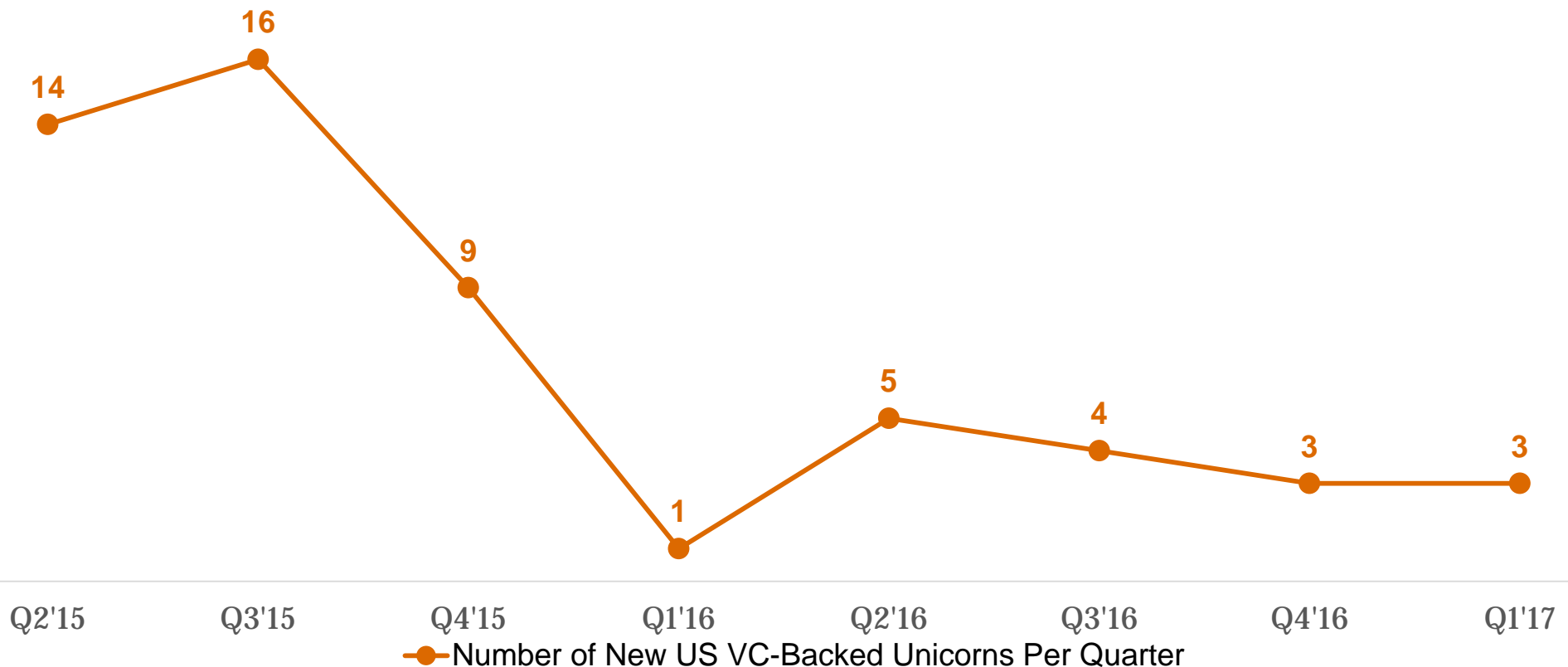


US new unicorn births



VC-backed unicorn creation rate remains low in the US

- With many mega-rounds going to existing unicorns, just 3 new VC-backed companies topped \$1B+ valuations in Q1'17, matching last quarter's number and remaining well behind 2015's pace.
- The new companies joining the \$1B+ club included Zoom, C3 IoT, and Rocket Lab.



Most active VC firms of Q1'17 in the US



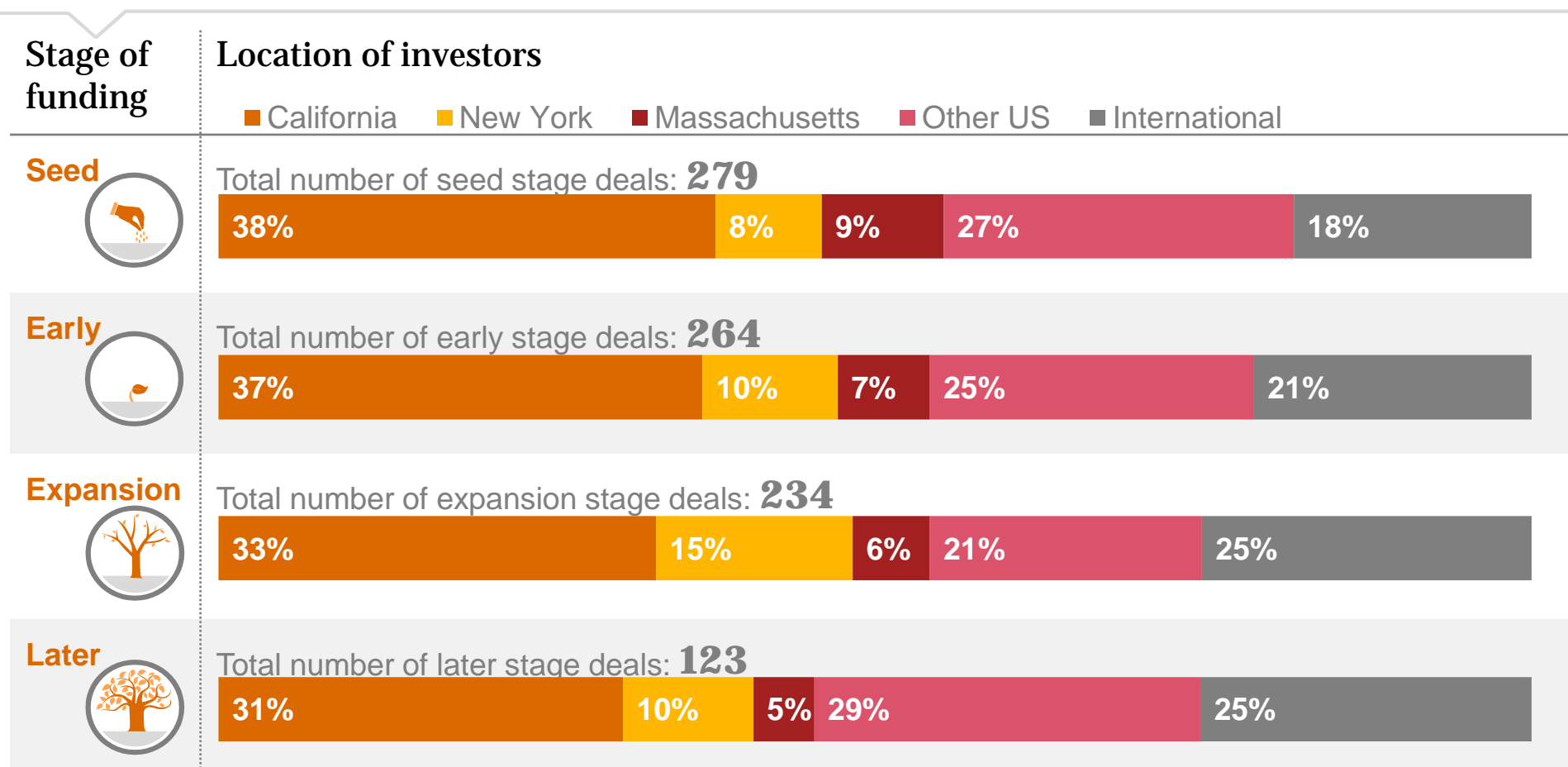
Investor	Location	No. of US Companies	Select Q1'17 Investments
1. New Enterprise Associates	Menlo Park, CA	27	ClearMotion, MapD Technologies, Smack
2. Greycroft Partners	New York, NY	18	Comparably, Fig, Overtime
3. Kleiner Perkins Caufield & Byers	Menlo Park, CA	17	Phantom, Ripcord, SoundHound
4. GV (Google Ventures)	Mountain View, CA	14	Desktop Metal, Freenome, Spero Therapeutics
5. Foundry Group	Boulder, CO	12	Looking Glass Factory, Sensu, TeamSnap

Q1'17 Investor locations



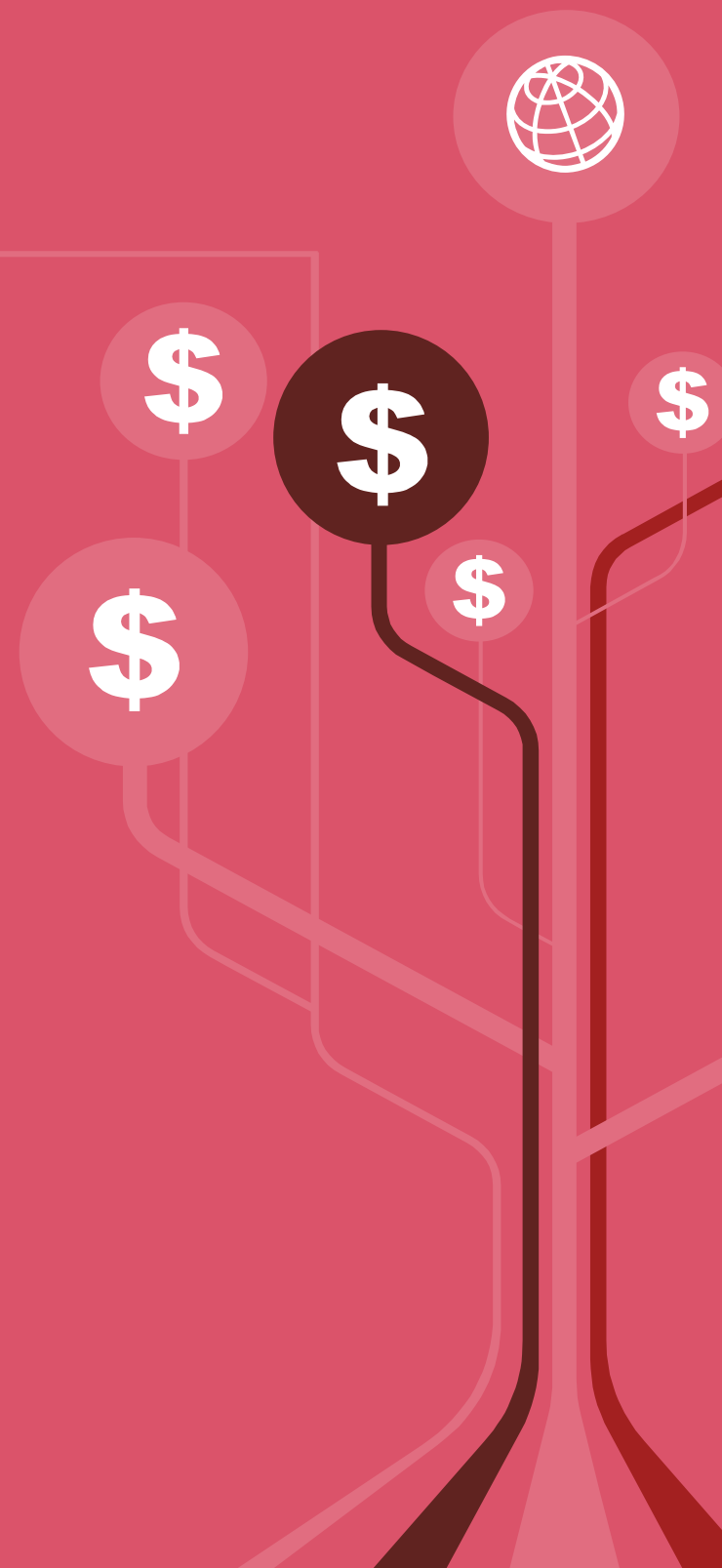
International capital more prevalent at expansion and later stages

- International participation grows at each successive stage, with investors outside the US representing a full quarter of all active investors in expansion and later-stage deals.
- Californian investor share likewise fell off at later stages; New York-based investors were especially active at the expansion stage.

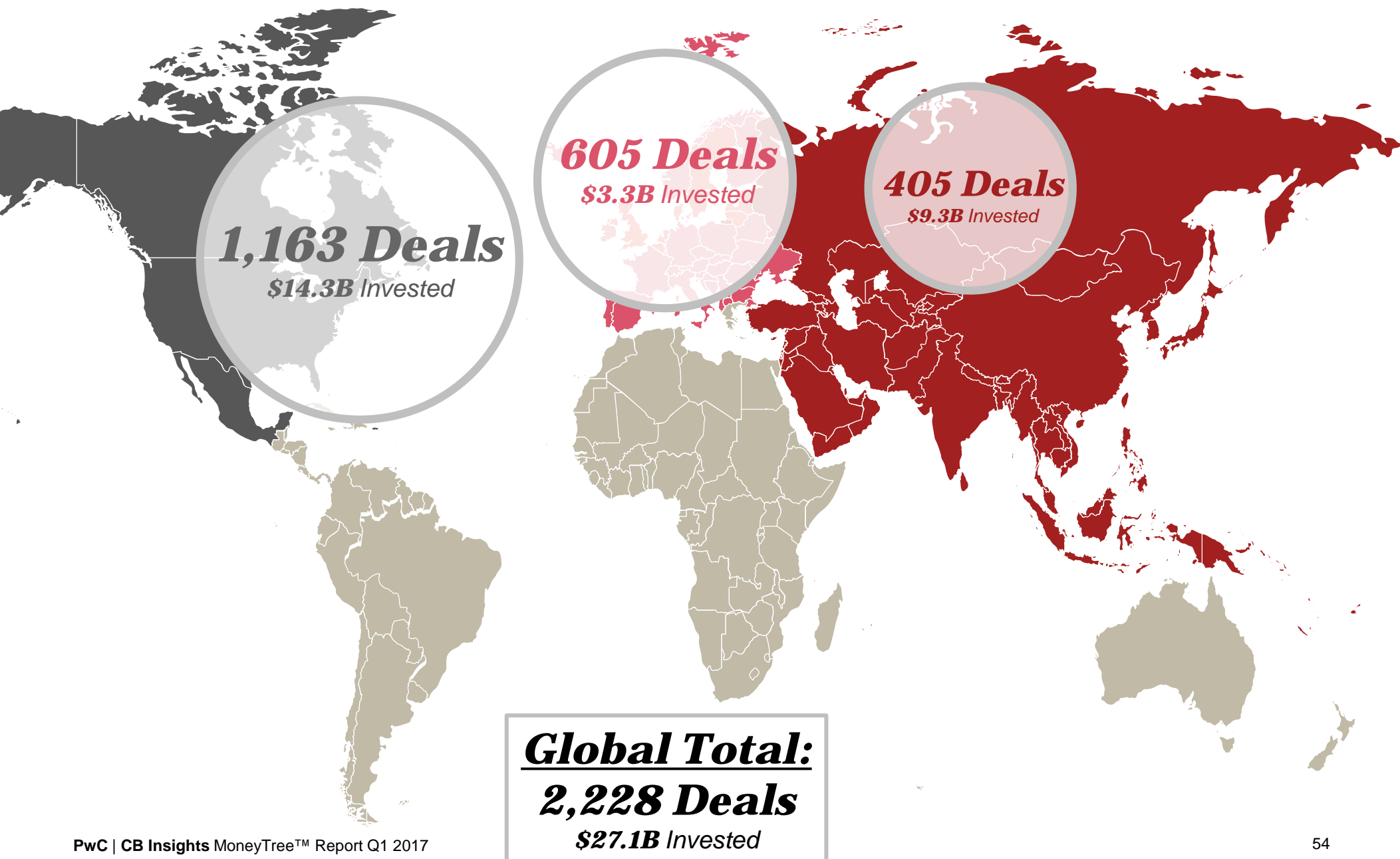


05

Global Trends



Q1'17 Global regional comparison

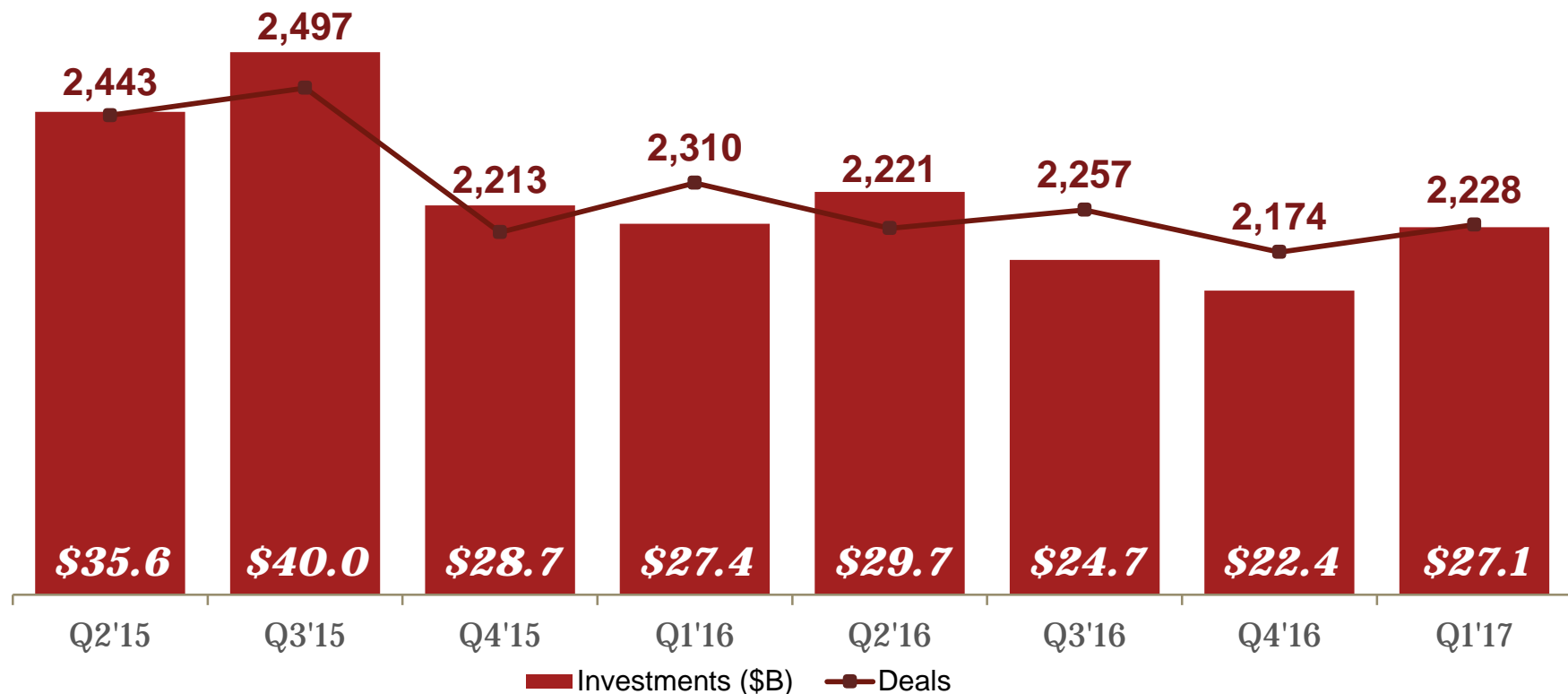


8-quarter global financing trend

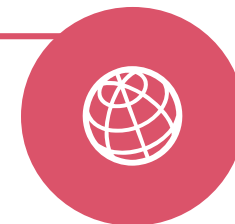


Global deals up 2%, dollars rise 21% from Q4'16 lows

- Both quarterly deal count and dollars invested bottomed out in Q4'16.
- Deals crept up 2% to 2,228, while an uptick in mega-rounds in North America and Asia helped boost funding 21% to \$27.1B.

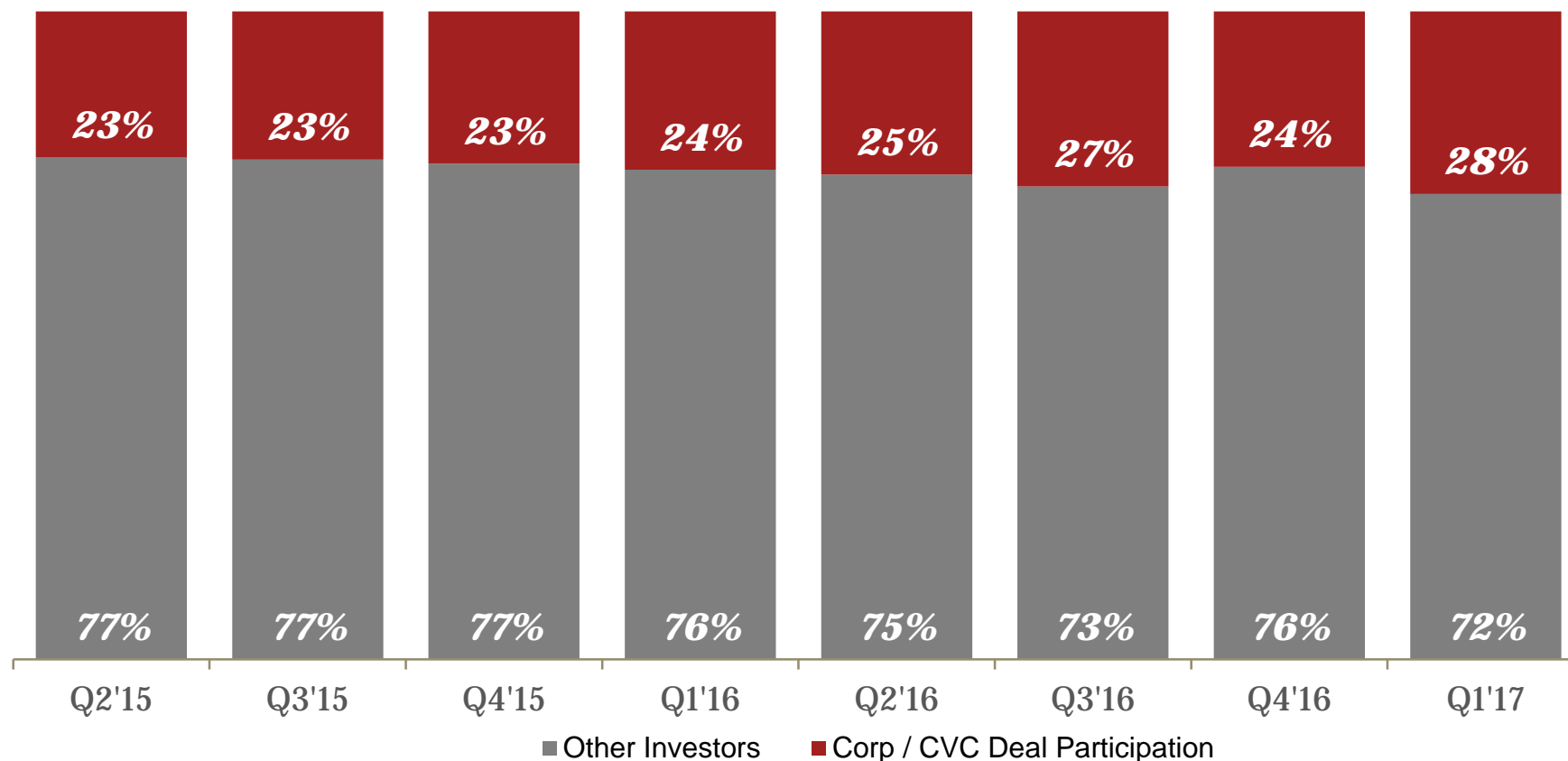


Global corporate deal participation



Corporates participating in record number of deals worldwide

- Corporations (and/or their venture arms) participated in 28% of all deals in Q1'17, setting a quarterly high as legacy companies and incumbents turn to startups to stay abreast of emerging technologies.

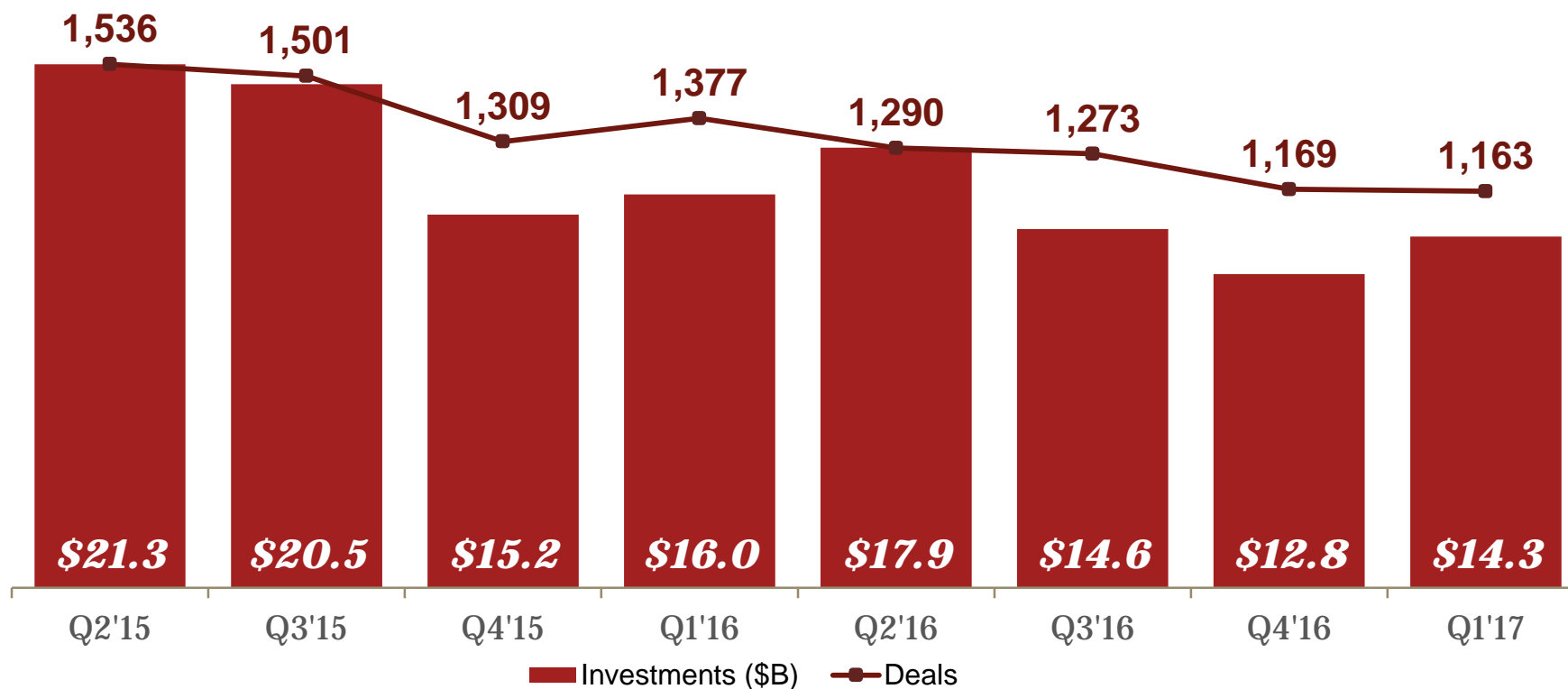


8-quarter financing trend: North America

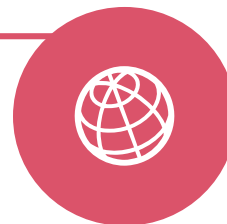


North American activity tracks US trends

- Total financing to VC-backed companies in North America stood at \$14.3B across 1,163 deals. Funding was up 12% from Q4'16, while deal count was essentially flat.

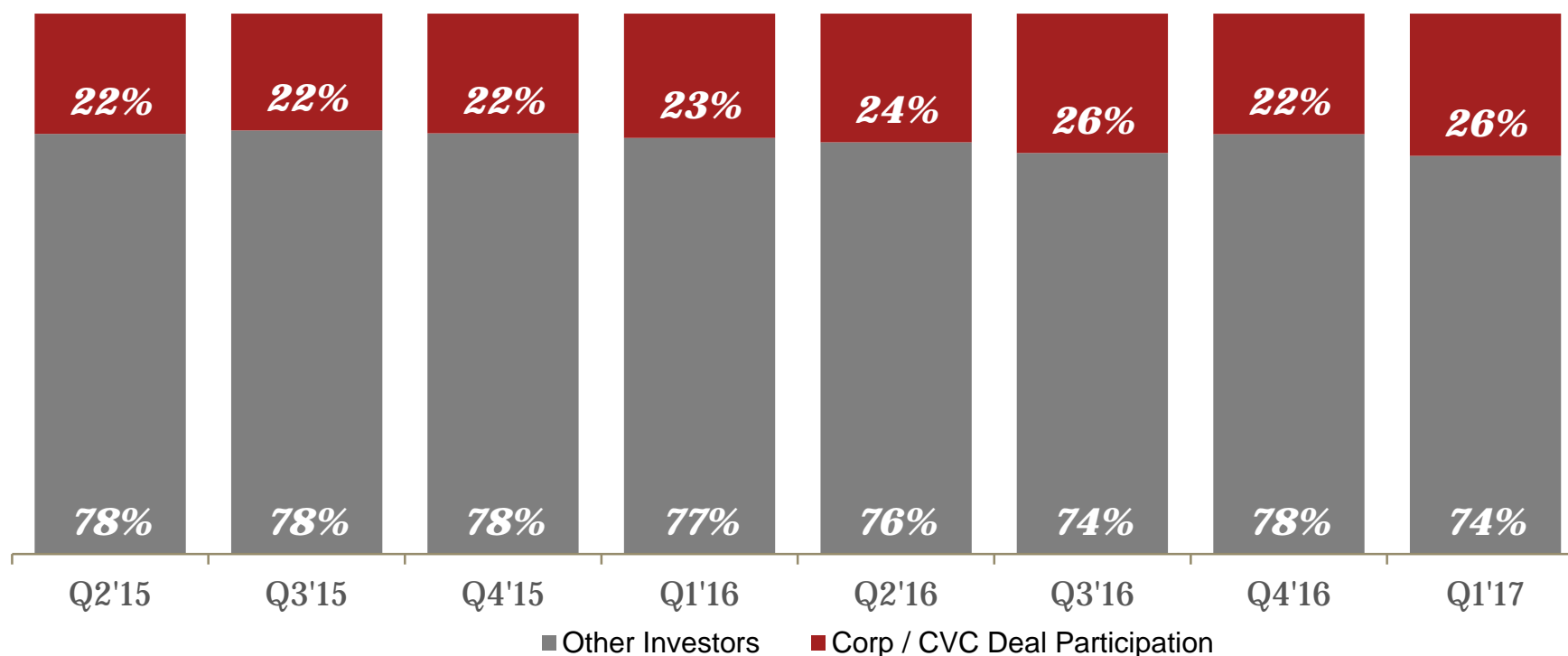


North American corporate deal participation



Corporates active in North American deals

- Corporate deal participation also tracks the US trend, with corporations involved in over a quarter of Q1'17 deals to VC-backed companies in North America.

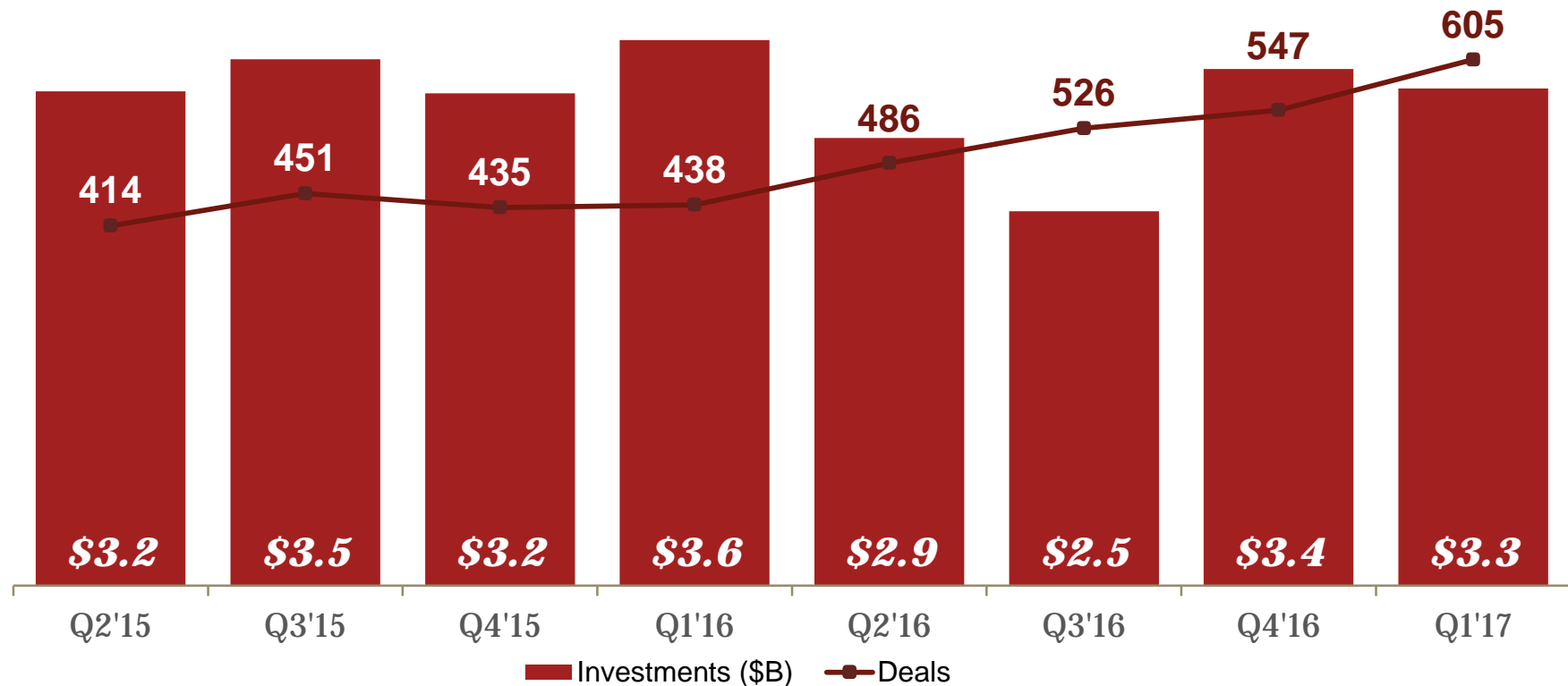


8-quarter financing trend: Europe

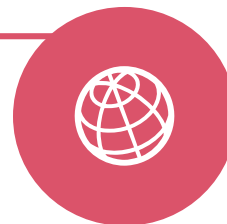


Europe deal activity continues upward march

- Quarterly count has now grown for 5 consecutive quarters. Deal activity crested 600 for the first time in Q1'17, rising 11% from the preceding quarter.
- Total dollars invested have now topped \$3B for 6 of the past 8 quarters.

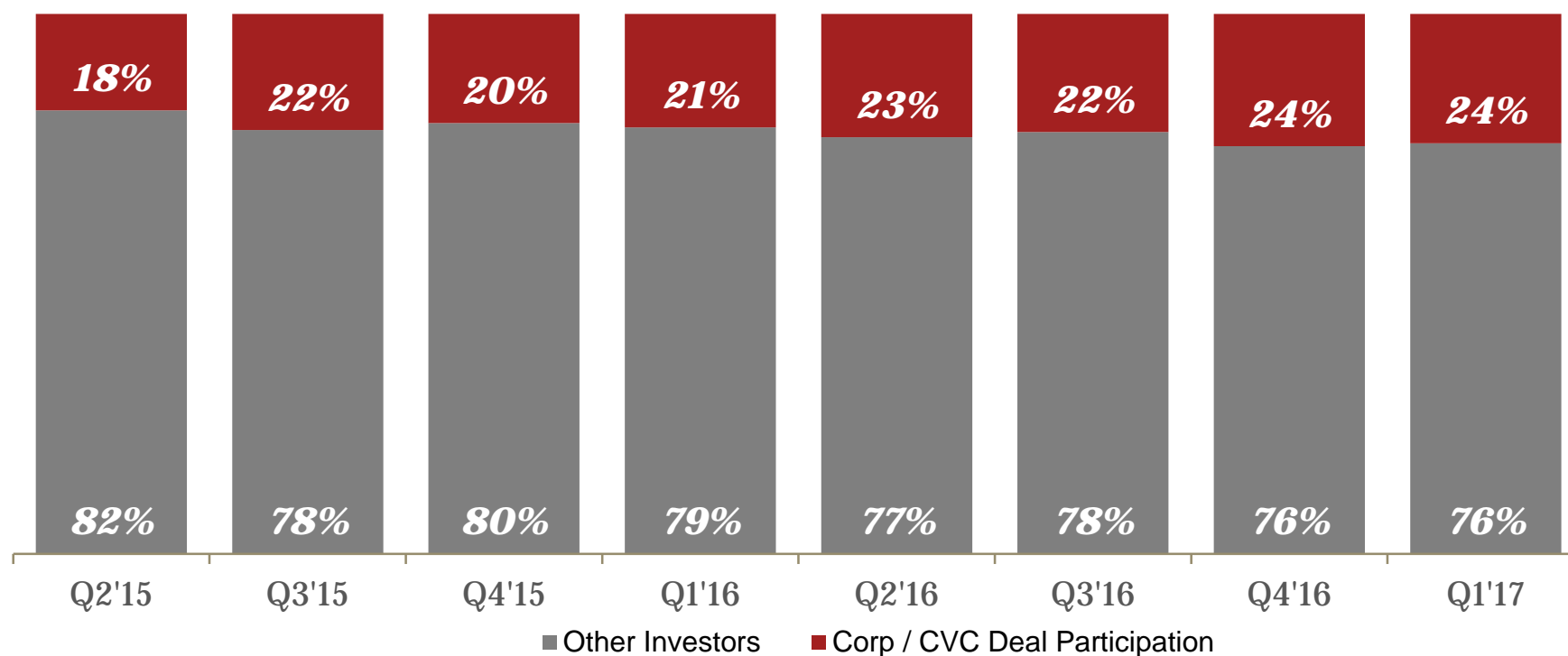


European corporate deal participation



Corporate participation lower in Europe, but also rising

- Corporate and CVC participation in European investments has now approached a quarter of all deals for two straight quarters.

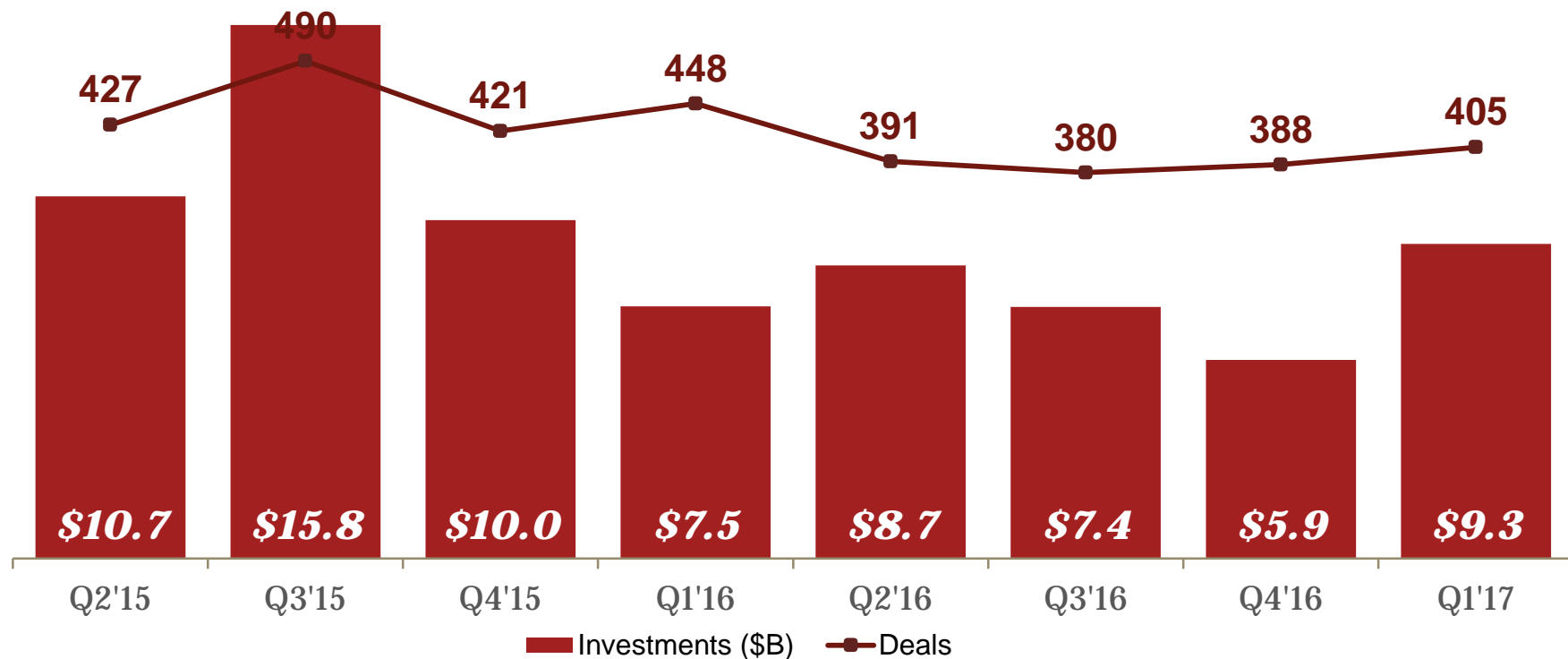


8-quarter financing trend: Asia

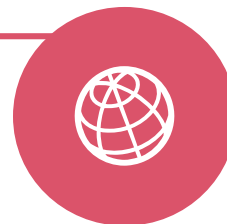


Asian quarterly funding tops \$9B for first time since Q4'15

- Deals rose 4% in Q1'17 to 405, while dollars jumped 58% as larger financings helped to drive investment figures upward.
- Asia saw over a half-dozen rounds over \$300M during the quarter, mostly within China.

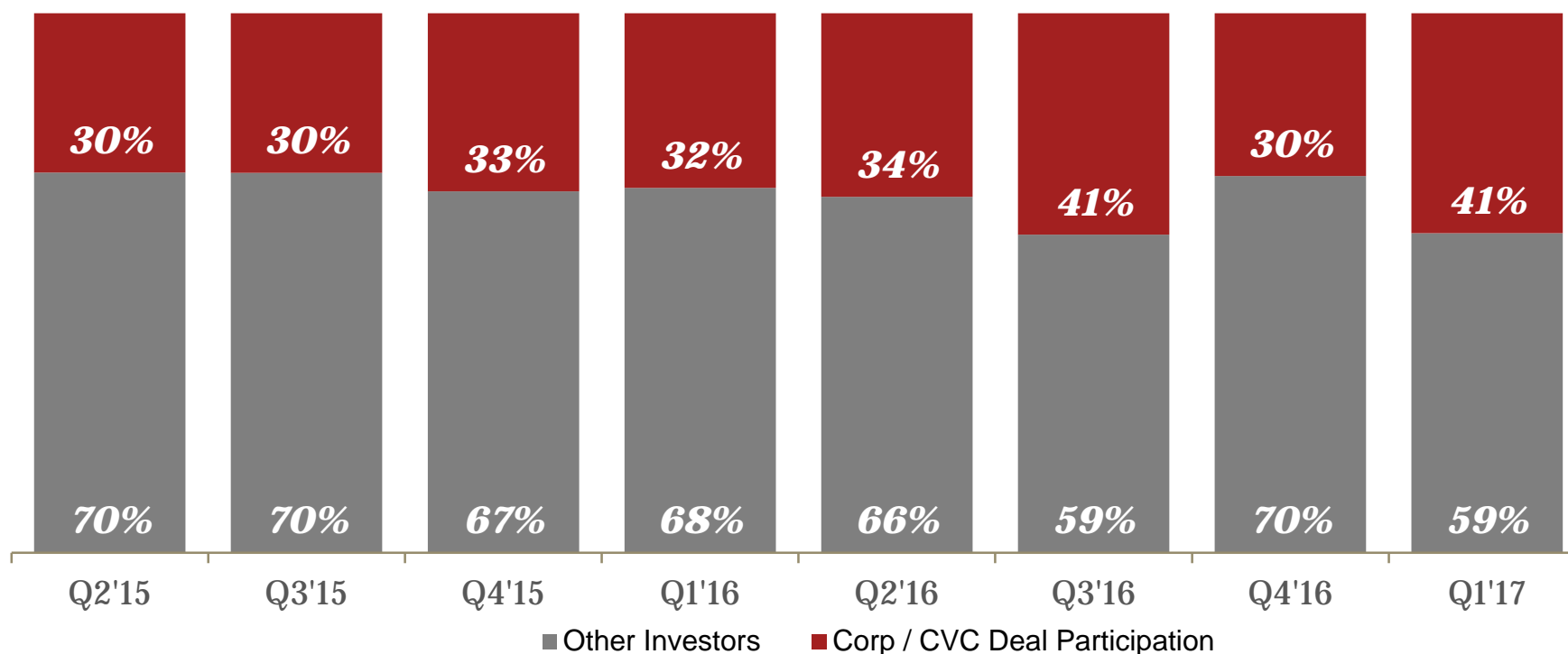


Asia corporate deal participation

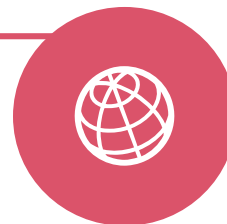







Asia sees highest proportion of deals with corporates

- Corporate deal participation hit 41% in the latest quarter after retreating in Q4'16, matching the record set in Q3'16.



Largest global deals of Q1'17



Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
Flipkart	Bengaluru, India	Internet	eCommerce		\$1000M	eBay, Microsoft, Tencent Holdings
GRAIL	Menlo Park, US	Healthcare	Disease Diagnosis		\$900M	Amazon, Arch Venture Partners, Merck & Co.
NIO	Shanghai, China	Automotive & Transport	Automobile Mfg.		\$600M	Baidu Venture, Hillhouse Capital Management, Tencent Holdings
Social Finance	San Francisco, US	Internet	eCommerce		\$500M	GPI Capital, Silver Lake Partners, SoftBank Group
Uxin Pai	Beijing, China	Internet	eCommerce		\$500M	Jeneration Capital, TPG Capital, Vision Capital



Seed
Stage



Early
Stage

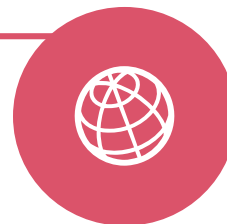


Expansion
Stage



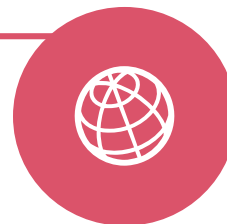
Later
Stage

Most active VC firms of Q1'17 globally



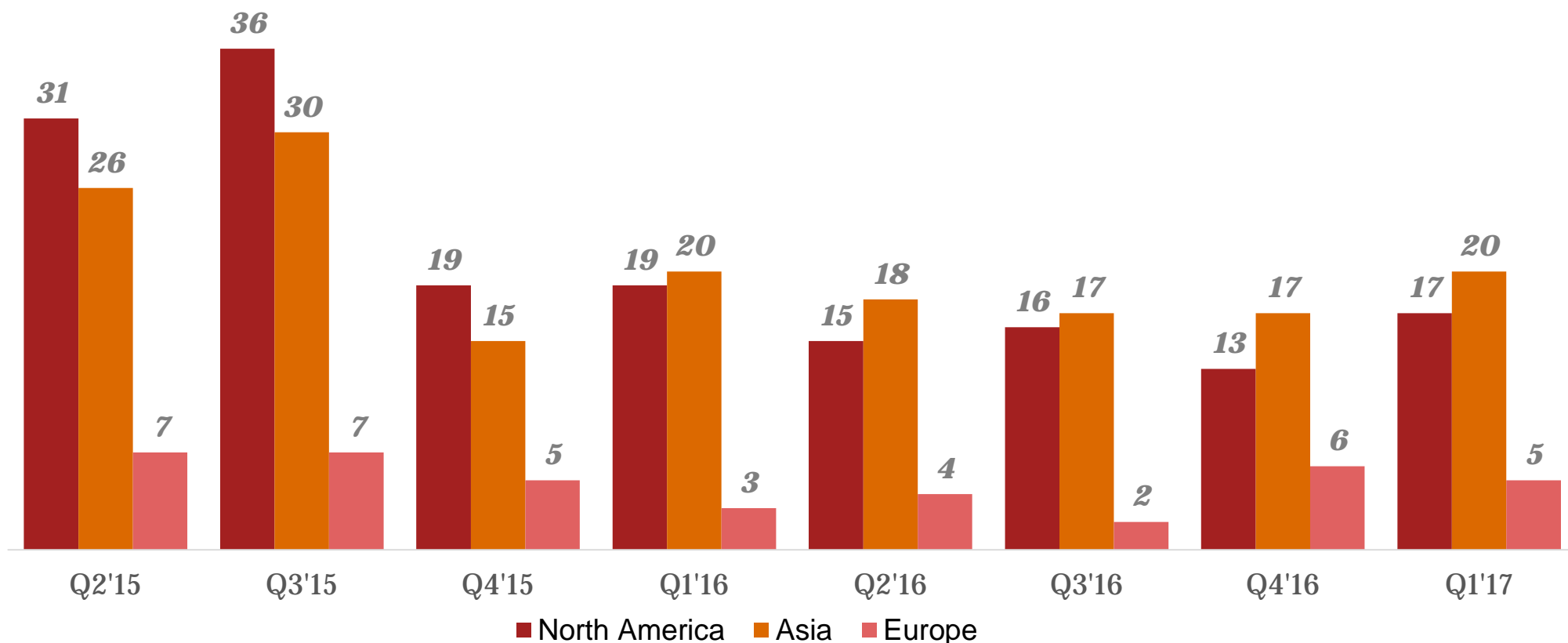
Investor	Location	No. of Global Companies	Select Q1'17 Investments
1. New Enterprise Associates	California, US	29	ClearMotion, letgo, MapD Technologies
2. 500 Startups	California, US	26	ClickMechanic, Knotel, Purple Squirrel
3. Matrix Partners China	Beijing, China	23	Anxin Doctor, Ofo, Xiaoyusan Insurance
4. Greycroft Partners	New York, NY	20	Comparably, Fig, Overtime
4. Index Ventures	London, UK	20	Roblox, Databerries, Silverfin
6. Kleiner Perkins Caufield & Byers	California, US	17	Phantom, Ripcord, SoundHound

Global mega-round activity

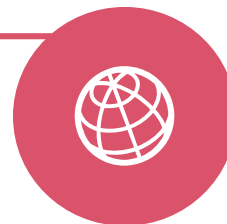


Asia, North America see rise in \$100M+ fundings

- Asian mega-round count rose 18% in Q1'17, with North America jumping 31%. Both regions saw the most \$100M+ financings since Q1'16.

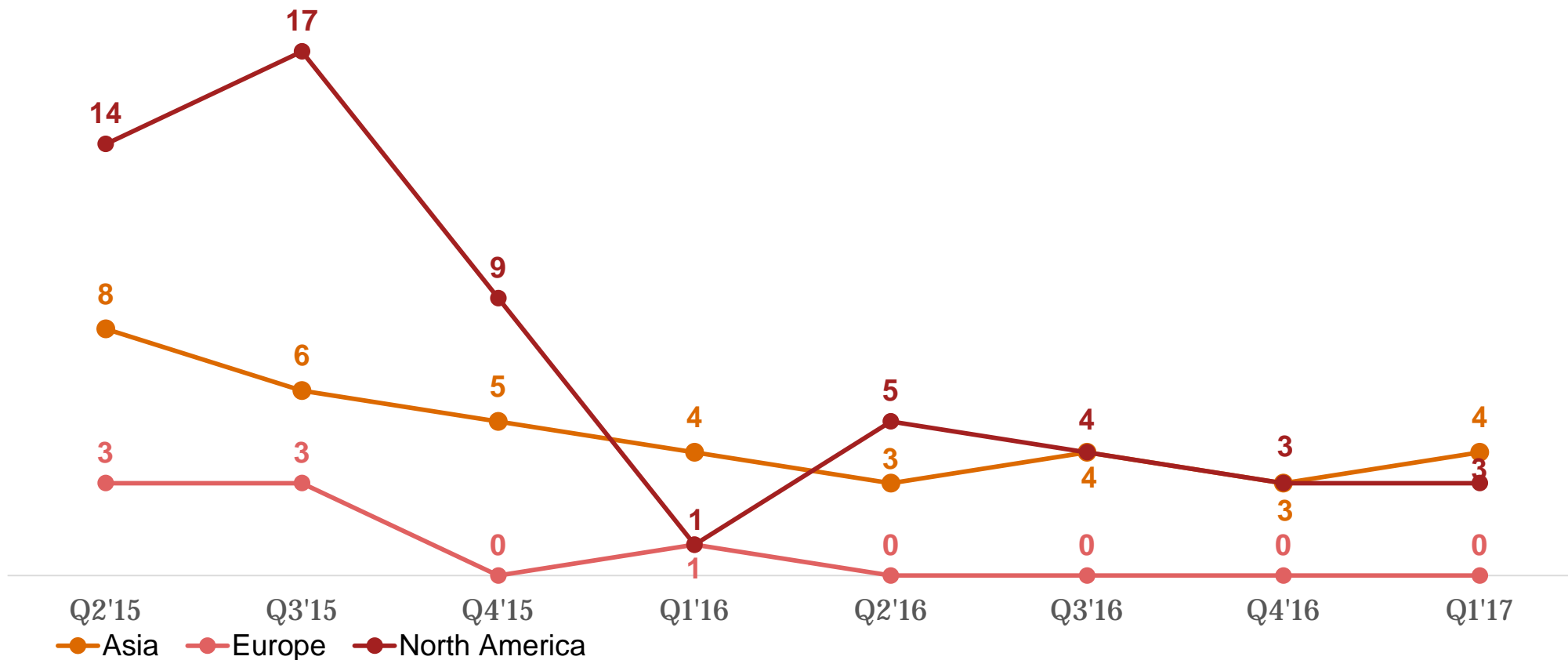


Global new unicorn births

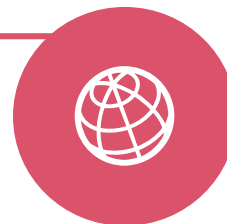


Global unicorn creations have fallen back to earth

- Asia saw a handful of new unicorns, with Tencent involved in both Q&A platform Zhihu and autonomous electric vehicle maker NIO.
- Notably, Europe has not seen a new VC-backed unicorn since the first quarter of 2016.

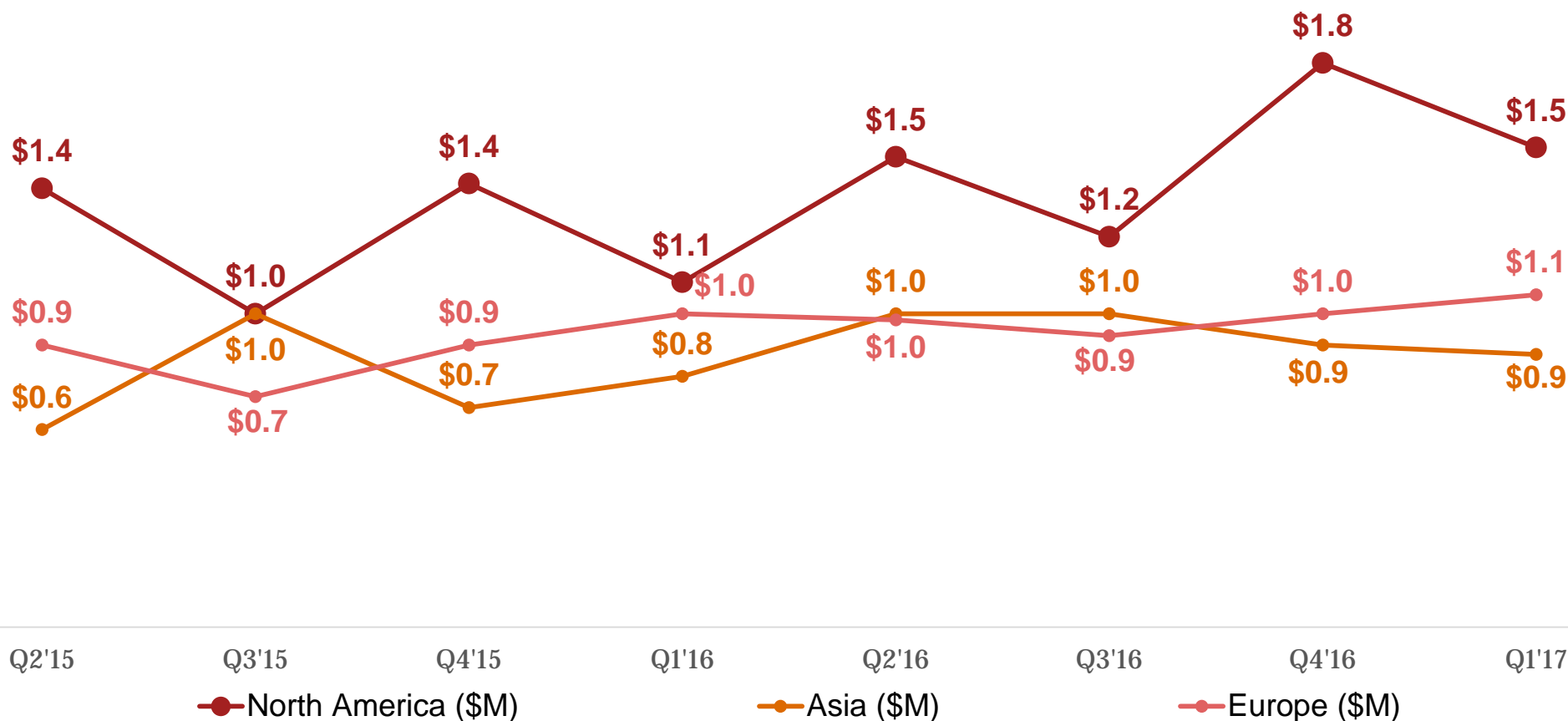


Global seed-stage median deal size

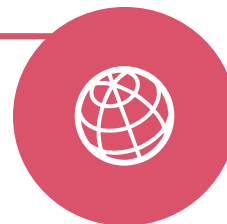


Median seed deal size in Europe eclipses Asia

- Asia has seen two consecutive quarters of declining seed deal sizes, falling under \$1M while median European seed deals have crested \$1M over the same timeframe.
- North American deal size pulled back after hitting an 8-quarter high in Q4'16.

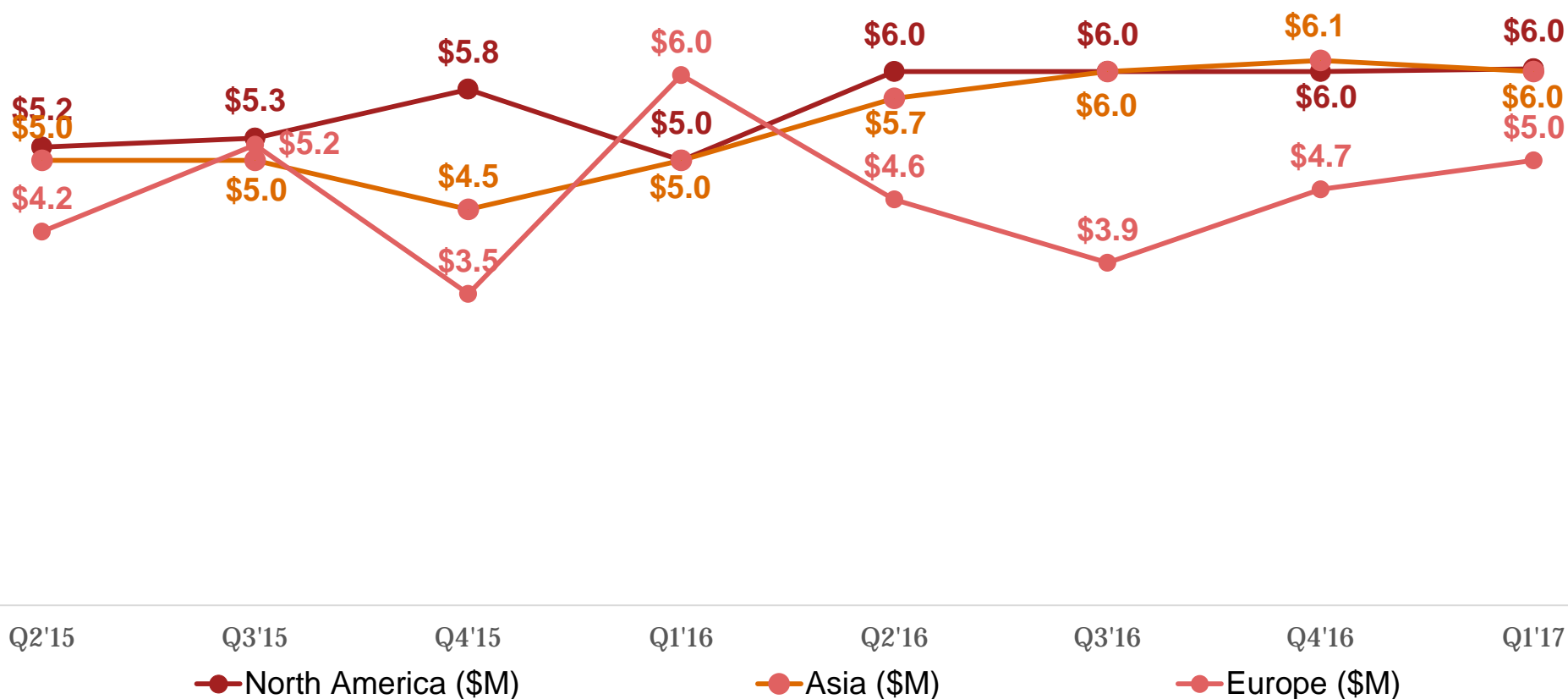


Global early-stage median deal size

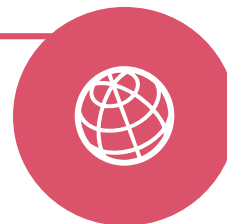


North America and Asia tracking similarly; European deal sizes lag

- In terms of early-stage deals, both North American and Asian medians have hovered near the \$6M mark since Q2'16.
- After a spike in Q1'16, European deal sizes have retreated below the levels of the other regions.

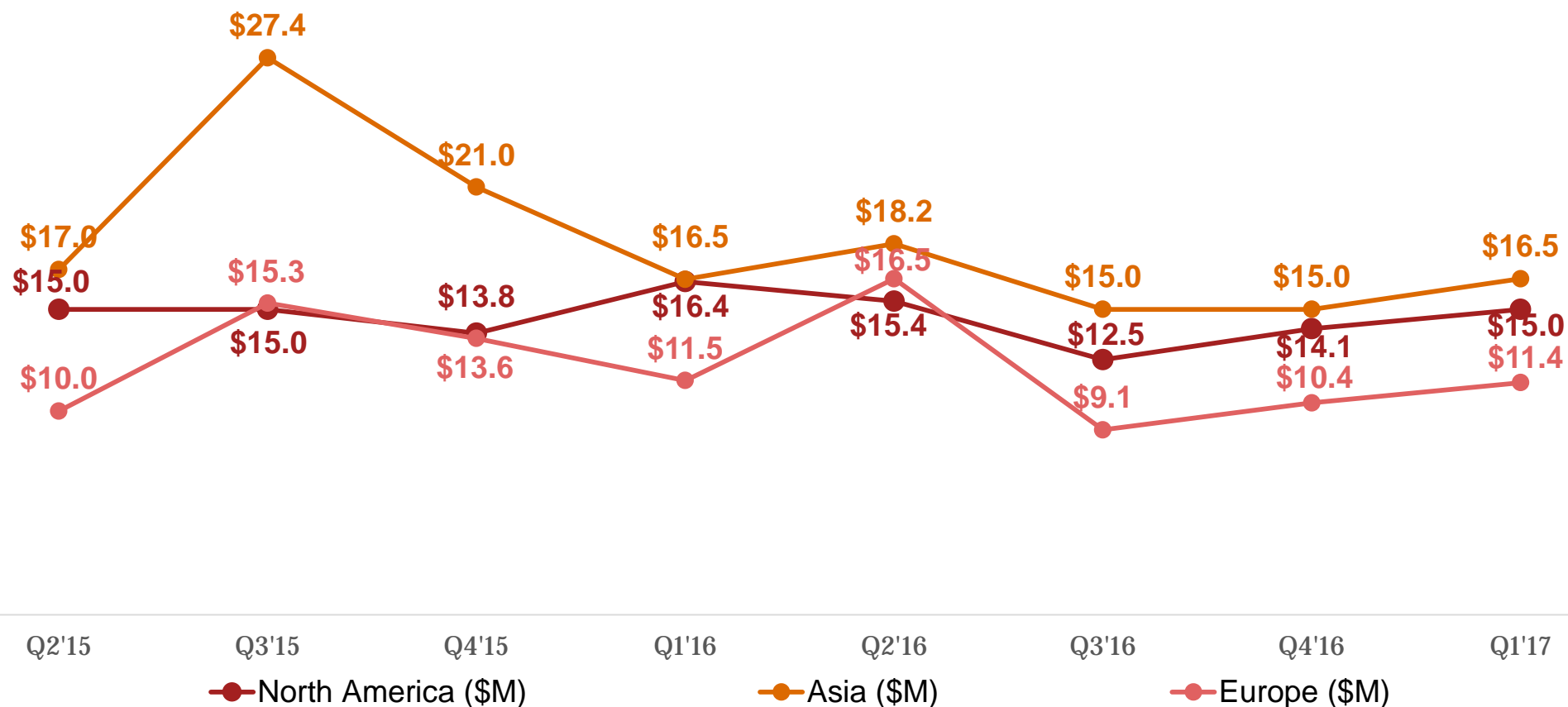


Global expansion-stage median deal size

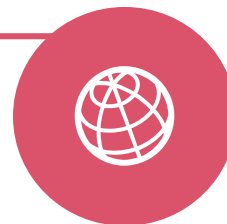


Expansion-stage deal sizes show signs of stabilization

- Asian median expansion-stage amounts have reset below \$20M after skyrocketing in the heady days of Q3'15, although they maintain a gap over North America and Europe.
- The most recent 3 quarters have seen stable expansion-stage size trends across these regions.

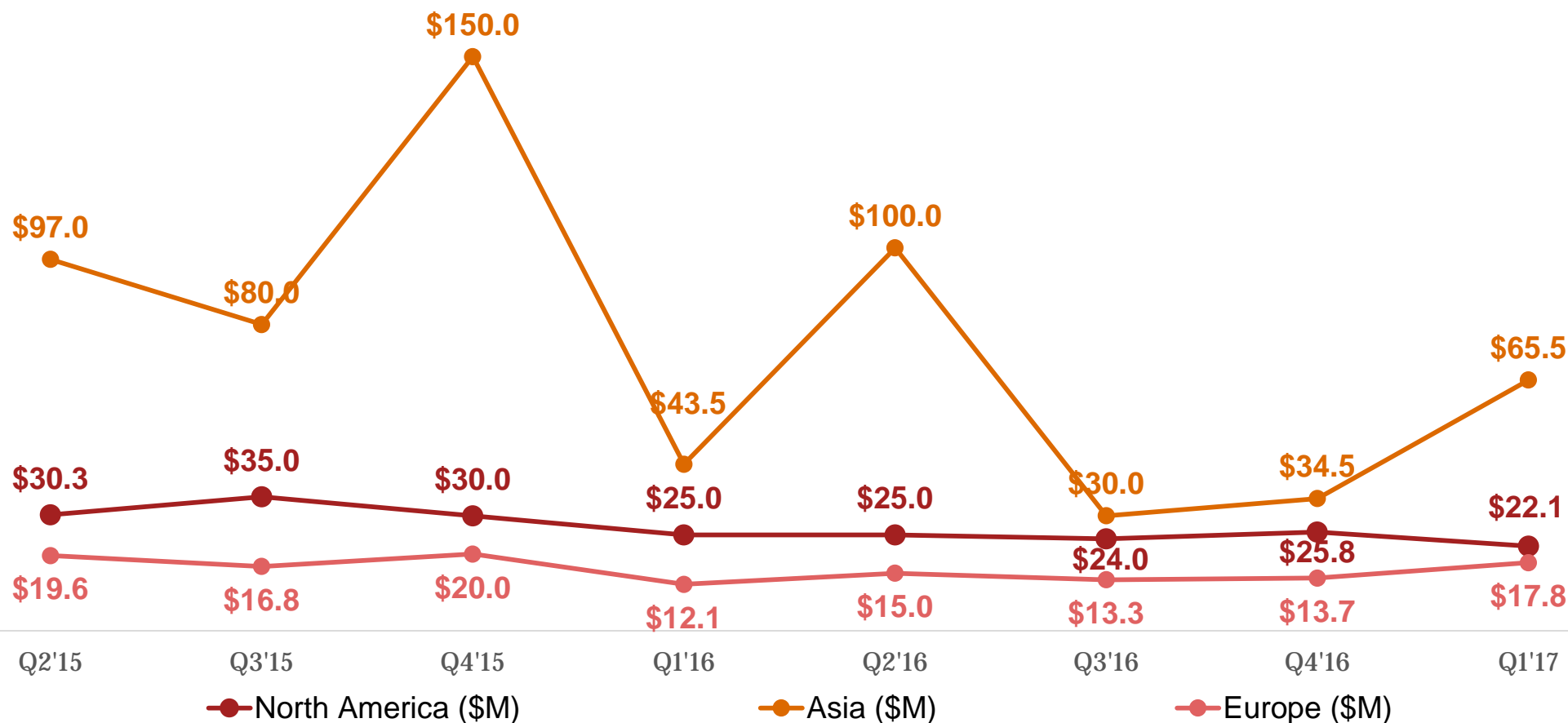


Global later-stage median deal size



Asian later-stage deal sizes break from the pack

- Median later-stage deal sizes have been volatile in Asia; deal amounts fell back to earth as investors dialed back mega-round activity in Q3'16 and Q4'16, but medians have shot up again in Q1'17.
- Later-stage deals in North America remain larger than Europe's, though the gap narrowed in Q1'17.



Appendix

US States: Full listing

State	\$M	No. of Deals	State	\$M	No. of Deals	State	\$M	No. of Deals	State	\$M	No. of Deals	State	\$M	No. of Deals
Alabama	<\$1	1	Idaho	\$89	1	Missouri	\$70	7	Oregon	\$9	5	West Virginia	<\$1	1
Arizona	\$71	10	Illinois	\$154	25	Montana	\$40	2	Pennsylvania	\$129	23	Wisconsin	\$57	4
Arkansas	N/A	1	Indiana	\$27	11	Nebraska	\$3	3	Rhode Island	\$19	3	Wyoming	<\$1	1
California	\$7,379	437	Iowa	\$11	3	Nevada	31	2	South Carolina	\$140	3			
Colorado	\$345	43	Kentucky	\$1	1	New Hampshire	\$16	3	Tennessee	\$32	8			
Connecticut	\$86	12	Louisiana	N/A	1	New Jersey	\$143	8	Texas	\$214	35			
DC	\$83	11	Maryland	\$219	22	New Mexico	\$7	1	Utah	\$165	14			
Delaware	\$7	5	Massachusetts	\$1,820	95	New York	\$1,399	150	Vermont	<\$1	1			
Florida	\$157	24	Michigan	\$53	9	North Carolina	\$288	25	Virginia	\$192	15			
Georgia	\$76	15	Minnesota	\$48	11	Ohio	\$81	14	Washington	\$196	35			

No disclosed quarterly activity: AK, HI, MS, NH, NM, ND, SD

Notes on methodology

PwC (pwcmoneytree.com) and CB Insights (cbinsights.com) encourage you to review the methodology and definitions employed to better understand the numbers presented in this report. If you have any questions about the definitions or methodological principles used, we encourage you to reach out to CB Insights directly. Additionally, if you feel your firm has been underrepresented, please send an email to info@cbinsights.com and we can work together to ensure your firm's investment data is up-to-date.

Rankings, e.g., top states and top sectors, are done by quarterly deal activity (that is, deal count for the given quarter).

What is included:

- Equity financings into emerging companies. Fundings must come from VC-backed companies, which are defined as companies who have received funding at any point from either: venture capital firms, corporate venture group or super angel investors.
- Fundings of only private companies. Funding rounds raised by public companies of any kind on any exchange (including Pink Sheets) are excluded from our numbers, even if they received investment by a venture firm(s).
- Only includes the investment made in the quarter for tranching investments. If a company does a second closing of its Series B round for \$5M and previously had closed \$2M in a prior quarter, only the \$5M is reflected in our results.
- Round numbers reflect what has closed – not what is intended. If a company indicates the closing of \$5M out of a desired raise of \$15M, our numbers reflect only the amount which has closed.
- Only verifiable fundings are included. Fundings are verified via (1) various federal and state regulatory filings; (2) direct confirmation with firm or investor; (3) press release; or (4) credible media sources.
- Equity fundings to joint ventures and spinoffs/spinouts are included, given that they meet the VC-backed criteria.
- Geography note: Israel funding figures are classified in Asia.

What is excluded:

- No contingent funding. If a company receives a commitment for \$20M subject to hitting certain milestones but first gets \$8M, only the \$8M is included in our data.
- No business development / R&D arrangements whether transferable into equity now, later or never. If a company signs a \$300M R&D partnership with a larger corporation, this is not equity financing nor is it from venture capital firms. As a result, it is not included.
- No buyouts, consolidations or recapitalizations. All three of these transaction types are commonly employed by private equity firms and are tracked by CB Insights. However, they are excluded for the purposes of this report.
- No private placements. These investments, also known as PIPEs (Private Investment in Public Equities), even if made by a venture capital firm(s).
- No debt / loans of any kind (except convertible notes). Venture debt or any kind of debt / loan issued to emerging, startup companies, even if included as an additional part of an equity financing, is not included. If a company receives \$3M with \$2M from venture investors and \$1M in debt, only the \$2M is included in these statistics.
- No government funding. Grants, loans or equity financings by the federal government, state agencies, or public-private partnerships to emerging, startup companies are not included.
- No fundings to subsidiaries of a larger parent corporation.

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