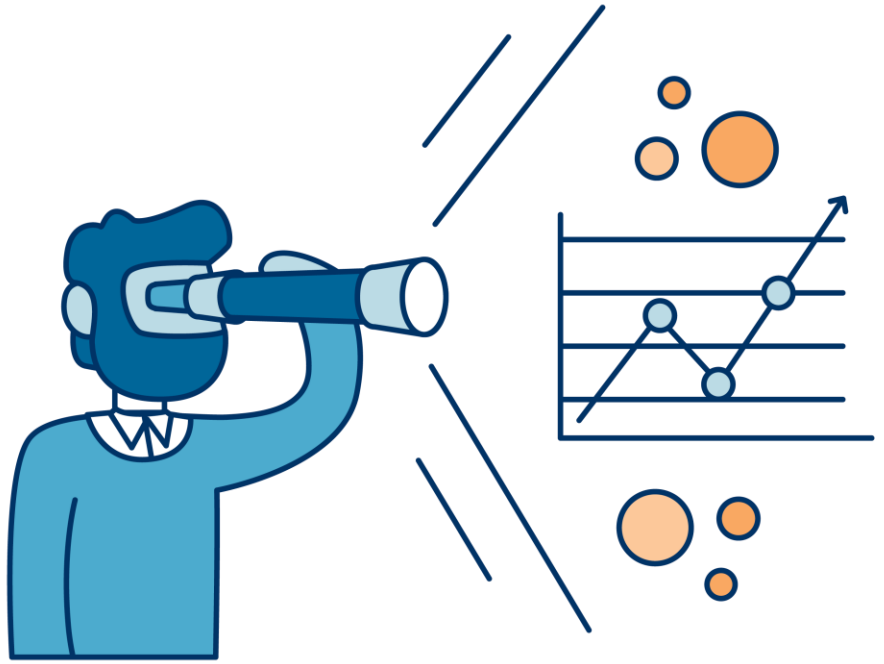
# The 2020 Tech IPO Pipeline



281 of the most promising and highly-valued private tech companies in the United States

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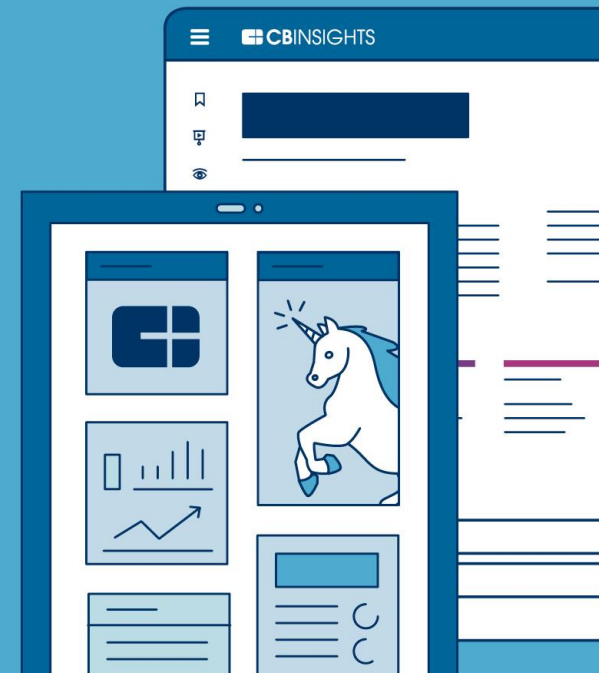

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"CB Insights has allowed us to move at speed. It's enabled us to get the right people around the room having the right conversation with the right facts. We are now able to progress into net new spaces with authority and credibility."

Nick Tate, Vice President, Head of NEXT at GSK Consumer Healthcare

gsk

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# Welcome remarks

This is the 8th annual edition of the CB Insights Tech IPO Pipeline Report. This year's Tech IPO Pipeline features 281 of the most promising and highly valued private venture and private equity-backed technology companies in the United States.

2019 has seen a slightly higher number of public listings by US VC-backed tech companies, but the biggest shift has come in fundraising. US VC-backed tech companies are raising significantly more capital prior to IPO, with the majority now reaching unicorn status before going public. Contrast that with 2012, when just 2 public offerings were by private VC-backed tech unicorns.

More value creation is accruing in the private markets. Driven by blockbuster listings such as Uber, Lyft, Pinterest, and Slack, the aggregate valuation of US VC-backed tech IPOs at the time of exit has reached $177B this year. However, post-IPO performance has been lackluster, with current stock prices either near or well below offering prices.

As we head into an election and see more public attention drawn to the corporate governance and financial performance of privately held high-flyers, it is worth remembering that not all — and perhaps even few — of these 281 companies will IPO or seek a direct listing next year. Some are just reaching the scale necessary to even consider life as a public company. Others continue to tap into the abundant sources of growth capital in the private markets. And some will get out-competed and may never see a liquidity event.

Onward to 2020 and a new decade.

# Recent context

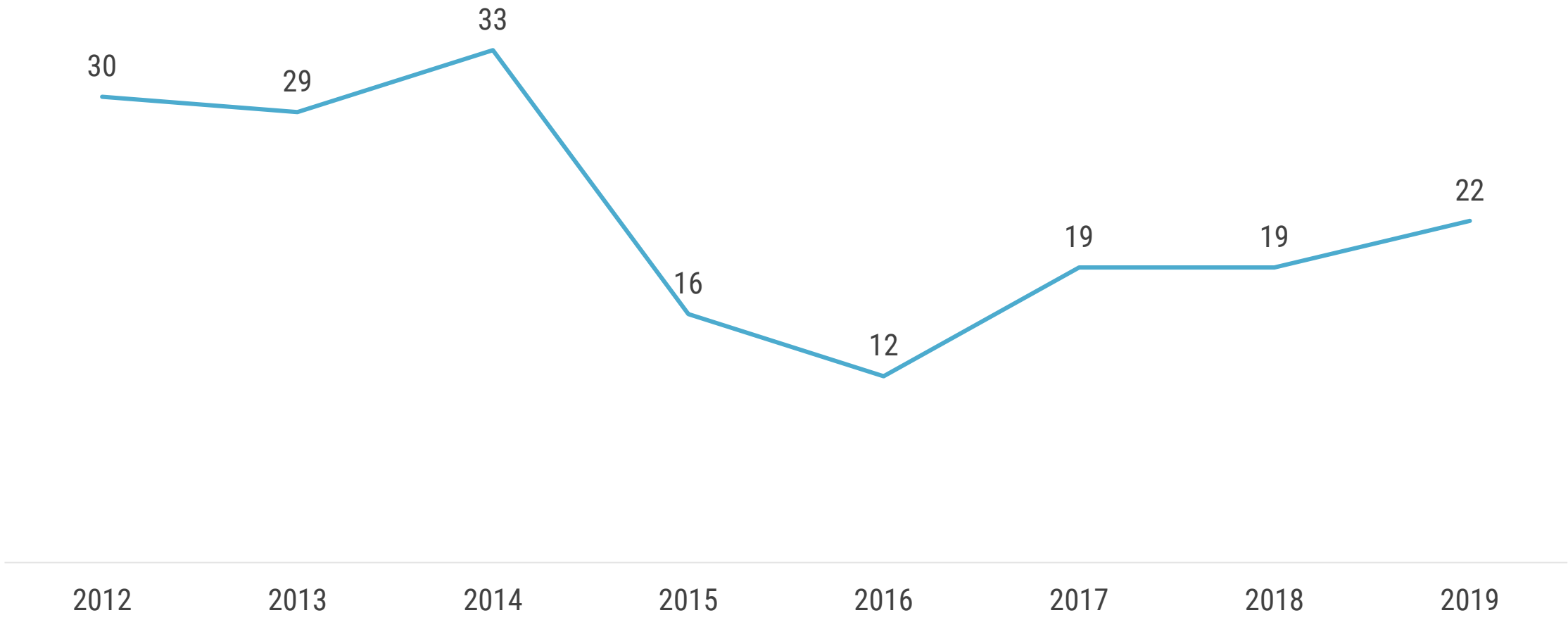
# The state of the tech IPO and VC funding market

1. Pace of tech IPOs remains modest in 2019
2. Mega-rounds and new unicorns continue to grow
3. SoftBank's impact on fundraising
4. Blockbuster IPOs underperform in stock market
5. Direct listing chatter grows

NO SPIKE IN IPO ACTIVITY IN 2019

# 2019 sees slightly higher number of tech listings

IPOs of VC-backed US tech companies, 2012 – 2019 YTD (12/2/2019)

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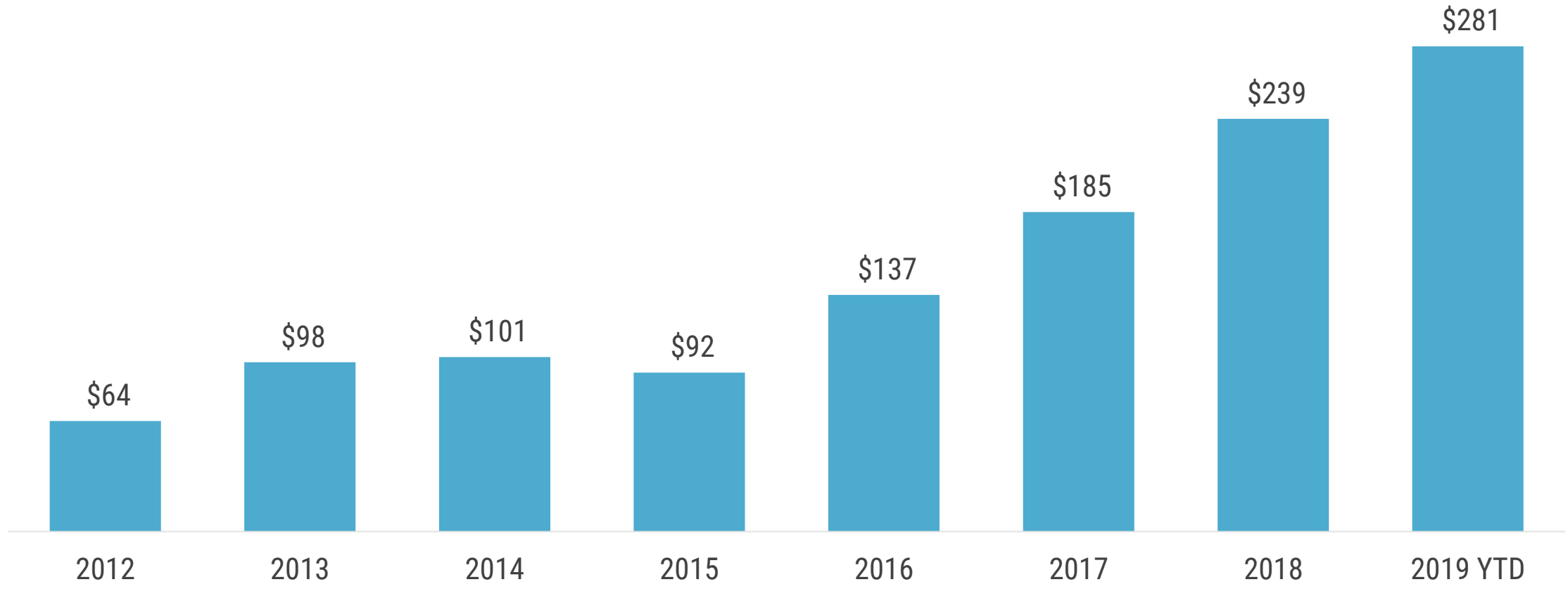
Includes IPOs or direct listings of US-headquartered VC-backed tech companies on major US exchanges only.

MORE PRE-IPO FUNDING

# Funding prior to IPO continues to rise

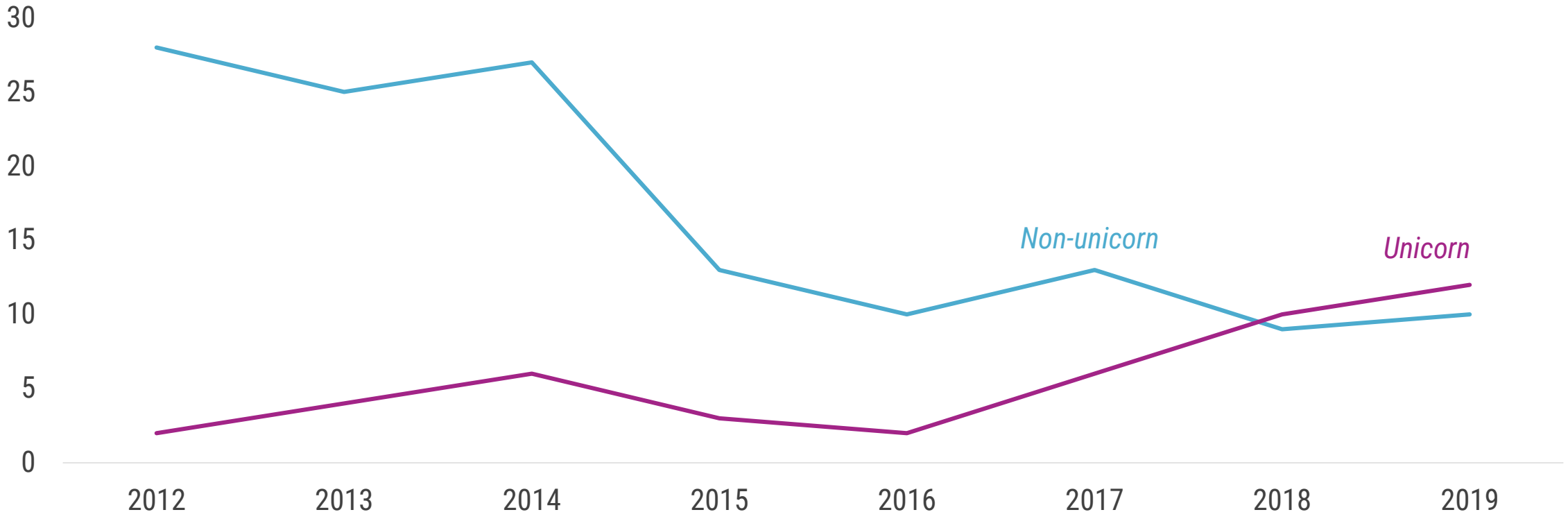
## Median amount of funding raised prior to tech IPOs ($M), 2012 – 2019 YTD (12/2/2019)




Includes IPOs or direct listings of US-headquartered VC-backed tech companies on major US exchanges only.

# Most tech companies now reach unicorn status before IPO

## VC-backed tech IPOs by private unicorn status, 2012 – 2019 YTD (12/02/2019)

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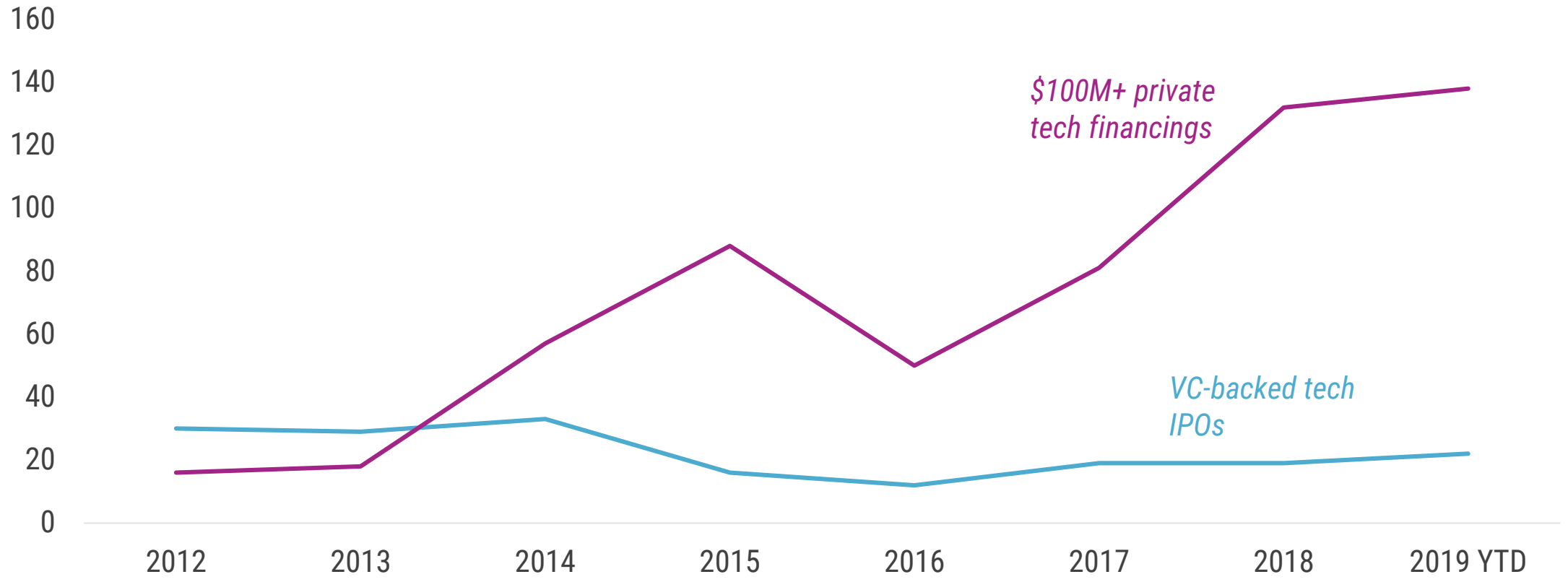
Includes IPOs or direct listings of US-headquartered VC-backed tech companies on major US exchanges only. Unicorn = Disclosed private market valuation at $1B+.

RISE OF PRIVATE IPOS CONTINUES

# Private mega-rounds far outpace tech IPOs

## VC-backed US tech mega-rounds vs. US VC-backed tech IPOs, 2012 – 2019 YTD (12/02/2019)



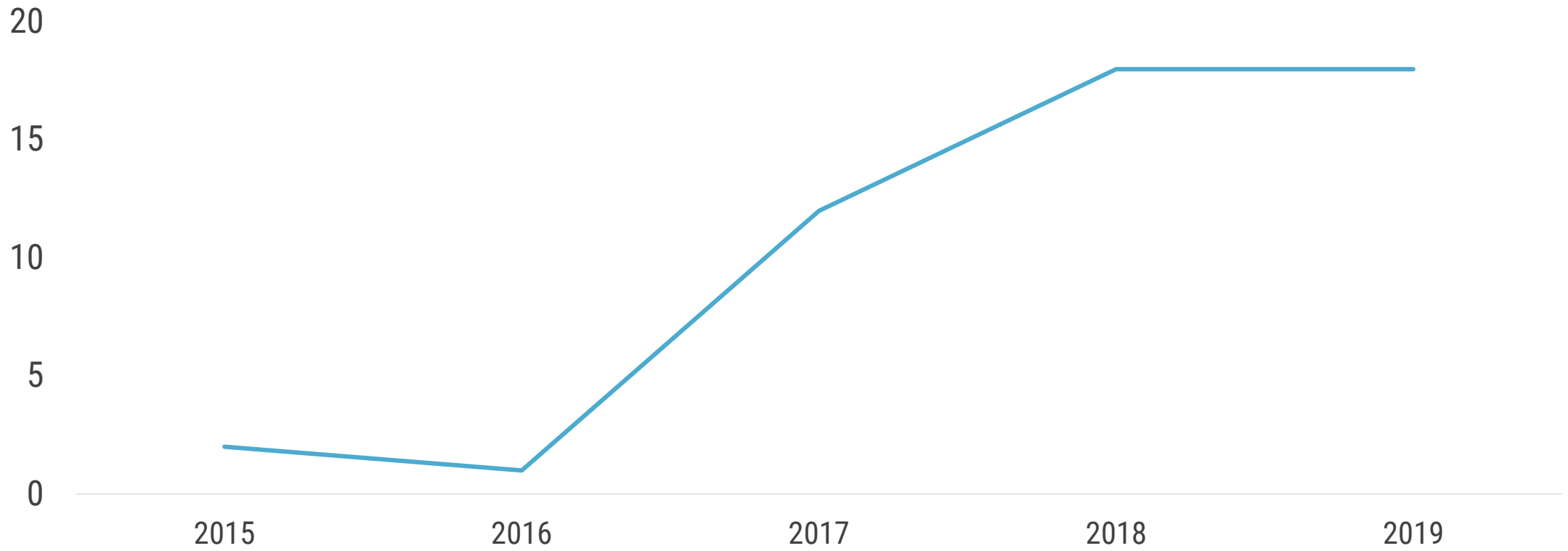

CBINSIGHTS

IPOs or include US-headquartered VC-backed tech companies on major US exchanges only

BIG MONEY

# SoftBank has had an outsized impact on tech fundraising in the last 2 years

$100M+ US private tech investments by SoftBank, 2015 – 2019 YTD (12/2/2019)

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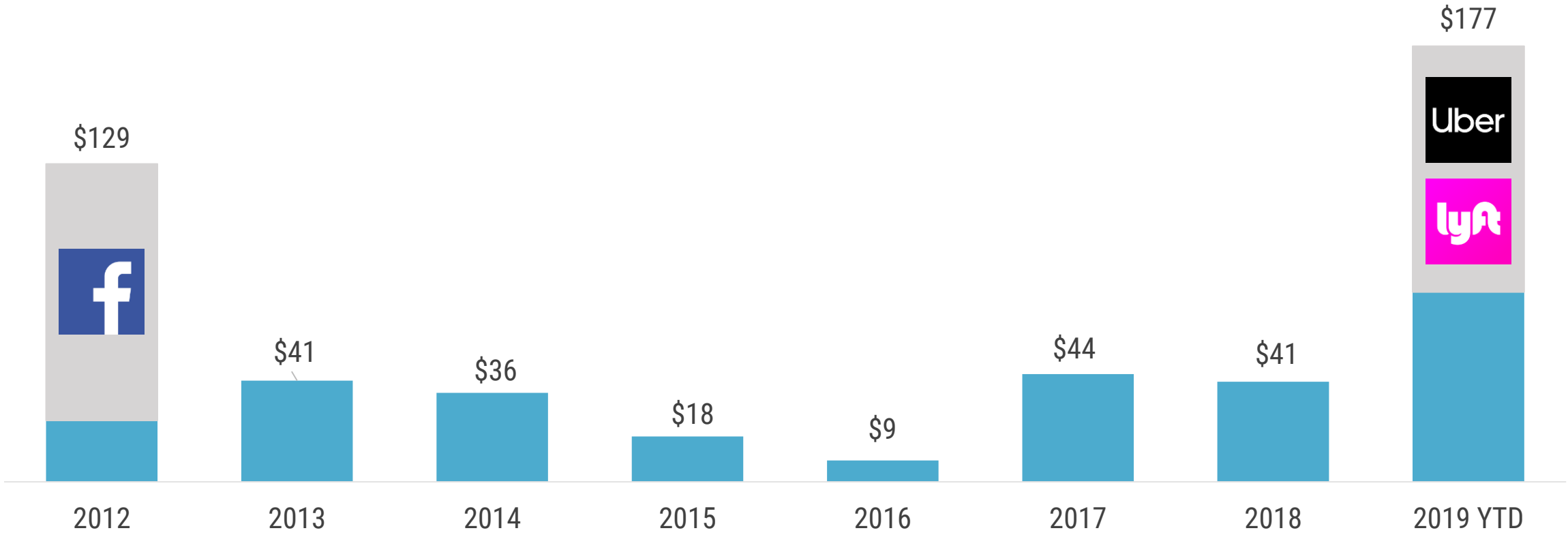
Does not include $100M+ to non-tech companies e.g. healthcare, agriculture, real estate

MORE MEGA IPOS

# Uber, Lyft drive tech IPO value to new highs

## Aggregate valuation of VC-backed US tech IPOs ($B), 2012 – 2019 YTD (12/2/2019)

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Includes IPOs or direct listings of US-headquartered VC-backed tech companies on major US exchanges only. Valuation is at time of IPO.

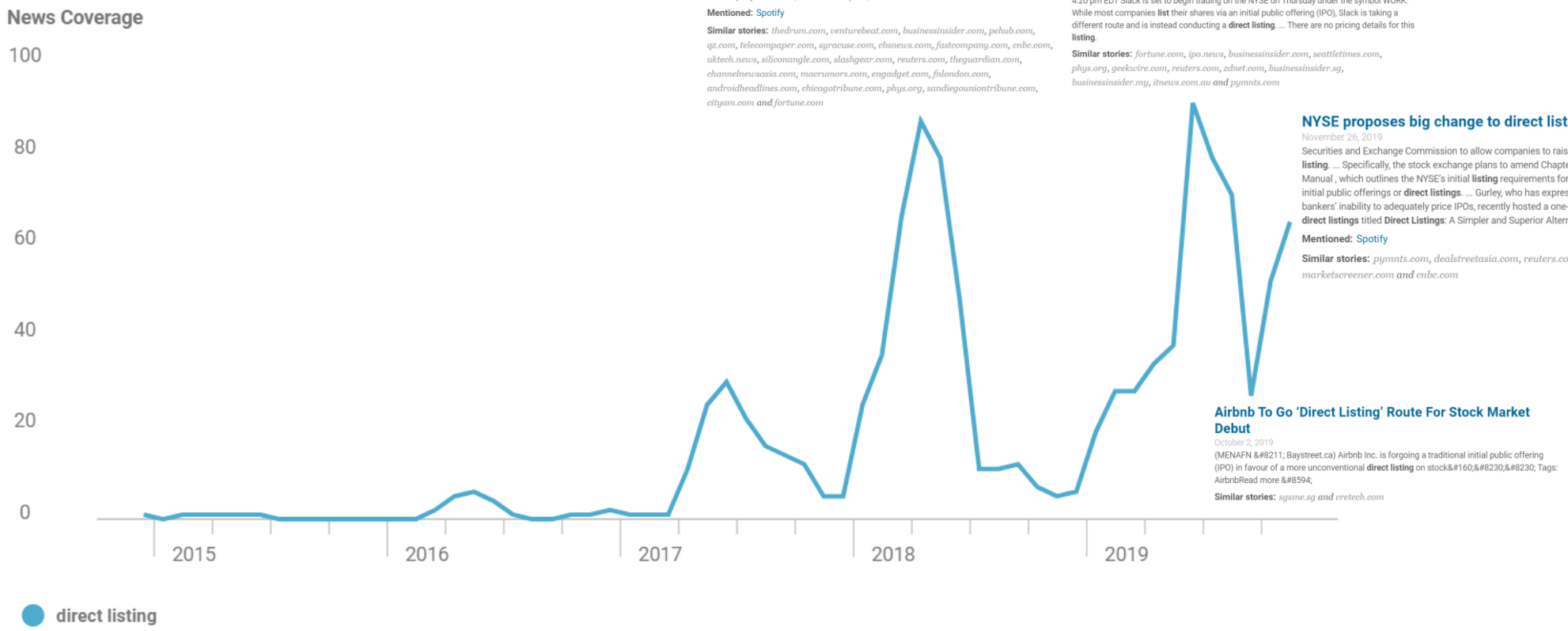
LACKLUSTER POST-IPO PERFORMANCE

# But blockbuster tech listings underperform in 2019

Year-to-date stock performance of Uber, Lyft, Pinterest, and Slack

# Hype around direct listings grows

## News Coverage




**Spotify climbs after going public in unusual direct listing on NYSE**
April 3, 2018
Photo: Bloomberg News Spotify Technology SA shares climbed from their reference price after it began trading through a **direct listing**. ... Based on the total number of shares outstanding after the **listing**, Spotify has a market value of about $27.8 billion. article continues below advertisement Spotify isn't selling any shares and there's no lockup period for company insiders or, with one exception, current shareholders.
**Mentioned:** Spotify
**Similar stories:** *thedrum.com, venturebeat.com, businessinsider.com, pehub.com, qz.com, telecompaper.com, syracuse.com, cbsnews.com, fastcompany.com, cnbc.com, ukteach.news, siliconangle.com, slashgear.com, reuters.com, theguardian.com, channelnewsasia.com, macrumors.com, engadget.com, fnlondon.com, androidheadlines.com, chicagotribune.com, phys.org, sandiegouniontribune.com, cityam.com* **and** *fortune.com*

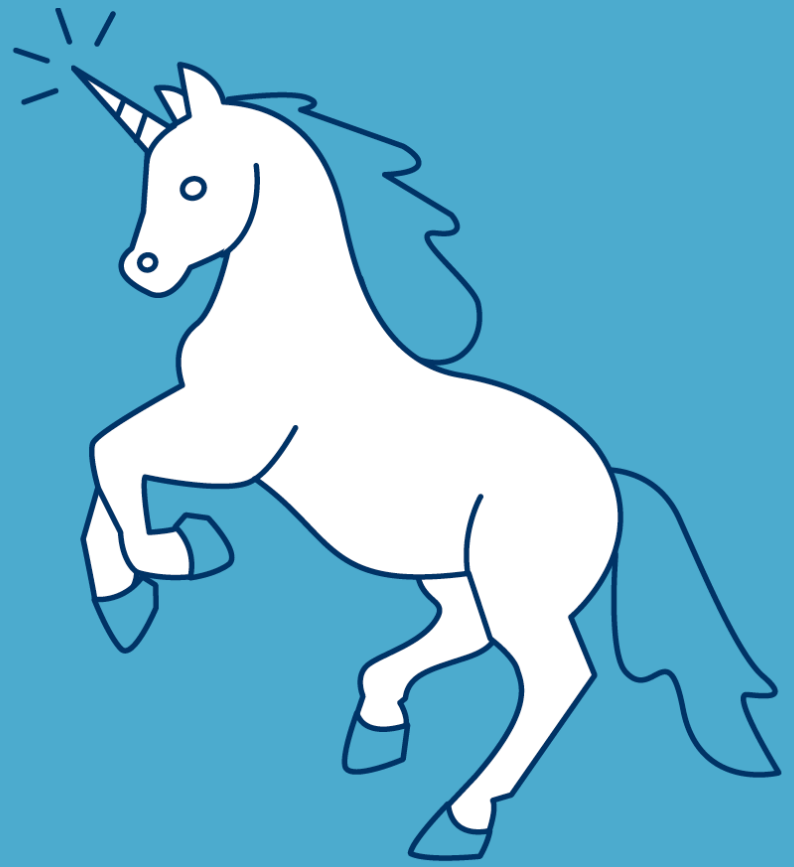
**Slack Scheduled to Enter the Market Thursday in Direct Listing**
June 19, 2019
Slack Scheduled to Enter the Market Thursday in **Direct Listing** By Chris Lange June 19, 2019 4:20 pm EDT Slack is set to begin trading on the NYSE on Thursday under the symbol WORK. While most companies **list** their shares via an initial public offering (IPO), Slack is taking a different route and is instead conducting a **direct listing**. ... There are no pricing details for this **listing**.
**Similar stories:** *fortune.com, ipo.news, businessinsider.com, seattletimes.com, phys.org, geekwire.com, reuters.com, zdnet.com, businessinsider.sg, businessinsider.my, itnews.com.au* **and** *pymnts.com*

**NYSE proposes big change to direct listings**
November 26, 2019
Securities and Exchange Commission to allow companies to raise capital as part of a **direct listing**. ... Specifically, the stock exchange plans to amend Chapter One of the **Listed** Company Manual , which outlines the NYSE's initial **listing** requirements for companies completing initial public offerings or **direct listings**. ... Gurley, who has expressed his discontent with bankers' inability to adequately price IPOs, recently hosted a one-day conference focused on **direct listings** titled **Direct Listings**: A Simpler and Superior Alternative to the IPO.
**Mentioned:** Spotify
**Similar stories:** *pymnts.com, dealstreetasia.com, reuters.com, seekingalpha.com, marketscreener.com* **and** *cnbc.com*

**Airbnb To Go 'Direct Listing' Route For Stock Market Debut**
October 2, 2019
(MENAFN – Baystreet.ca) Airbnb Inc. is forgoing a traditional initial public offering (IPO) in favour of a more unconventional **direct listing** on stock …… Tags: AirbnbRead more →
**Similar stories:** *sgsme.sg* **and** *cretech.com*


Source: CB Insights Trends

# The 2020 Tech IPO Pipeline



# How last year's tech IPO predictions fared

Our 2019 Tech IPO Pipeline identified 286 tech companies that represented the cream of the crop within VC and private equity portfolios. Here are the outcomes:

**286** tech IPO pipeline companies

- **125** exited or raised financing in 2019*

**18** companies went public in 2019

- **14** companies were acquired

**100** raised additional financing in 2019

- **$24B** in financing raised



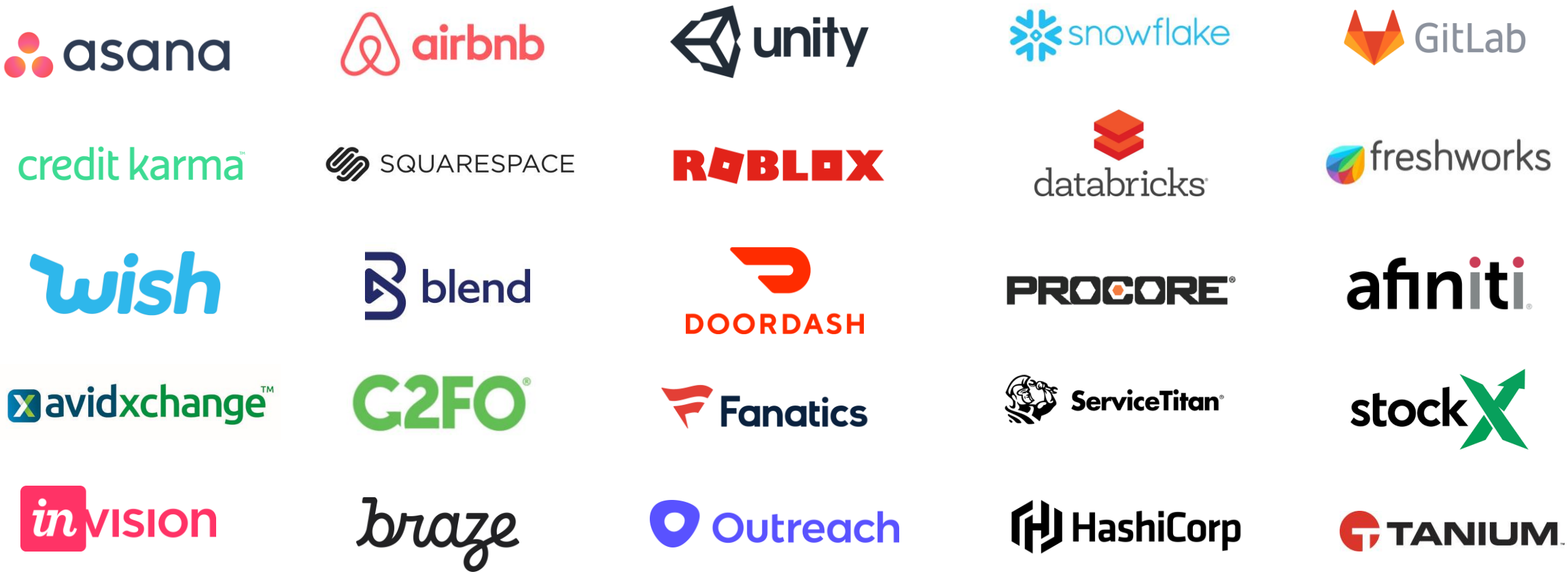
*Secondary and debt transactions not included.

In 2019, the 281 2020 Tech IPO Pipeline companies raised

**$26.33B**

in equity financing

# A selection of 2020 Tech IPO Pipeline companies



# Top 5 IPO prospects, ranked by Mosaic Score

We used our proprietary company rating algorithm, Mosaic, to identify a select group of companies that are **most likely to go public in 2020**.

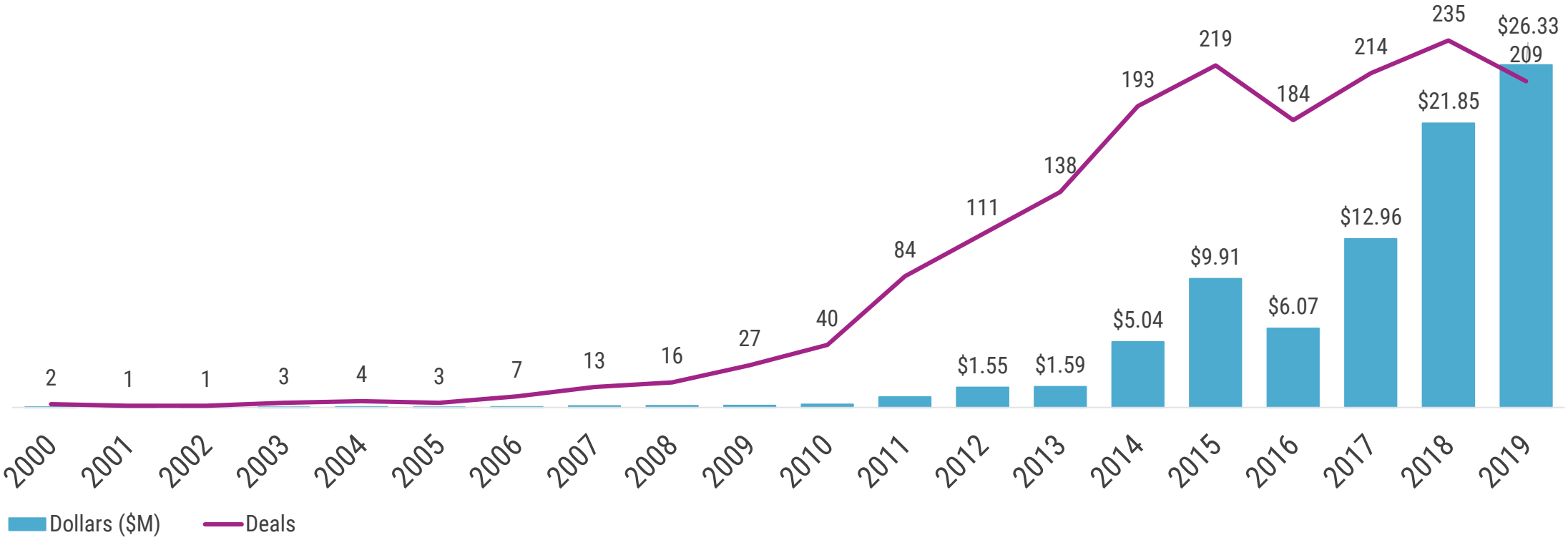
| Company | Description | Mosaic Momentum Score (max 1,000) | Total funding ($M) | Select investors |
|---|---|---|---|---|
| GitLab | DevOps platform | 880 | $434M | Khosla Ventures, Google Ventures, Y Combinator |
| snowflake | Cloud data warehousing | 860 | $434M | Wing VC, Altimeter Capital, Redpoint Ventures |
| credit karma | Personal finance hub | 850 | $369M | Felicis Ventures, Ribbit Capital, SGE, capitalG |
| unity | Cross-platform game engine | 920 | $974M | Sequoia Capital, Silver Lake, DFJ Growth |
| PROCORE | Construction management software | 880 | $255M | Bessemer Venture Partners, ScOp Venture Capital, ICONIQ Capital |



Mosaic was built with a grant from the National Science Foundation. Using non-traditional public signals ranging from customer signings to hiring activity to media sentiment to web traffic and mobile app data, Mosaic scores provide a rigorous, data driven way to understand the health and momentum of private companies. To learn more about Mosaic, visit https://www.cbinsights.com/company-mosaic.

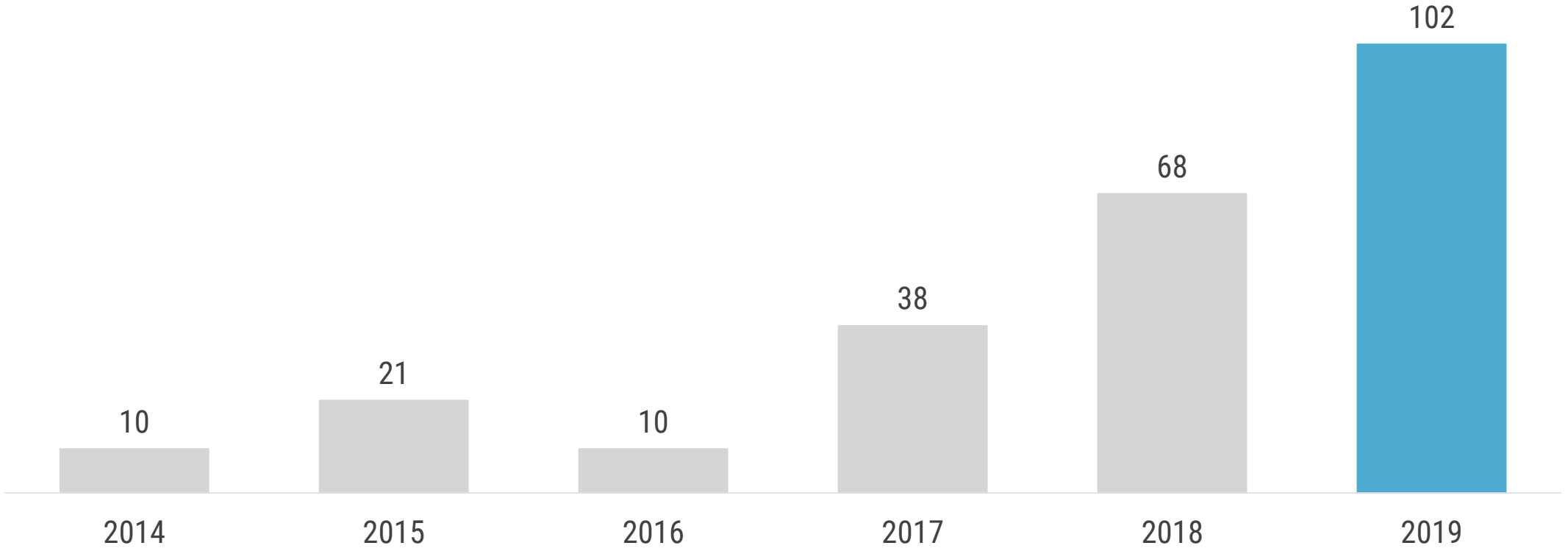
# 2019 was a record fundraising year for Tech IPO Pipeline companies

2000 – 2019 YTD (12/2/2019) in $ billion



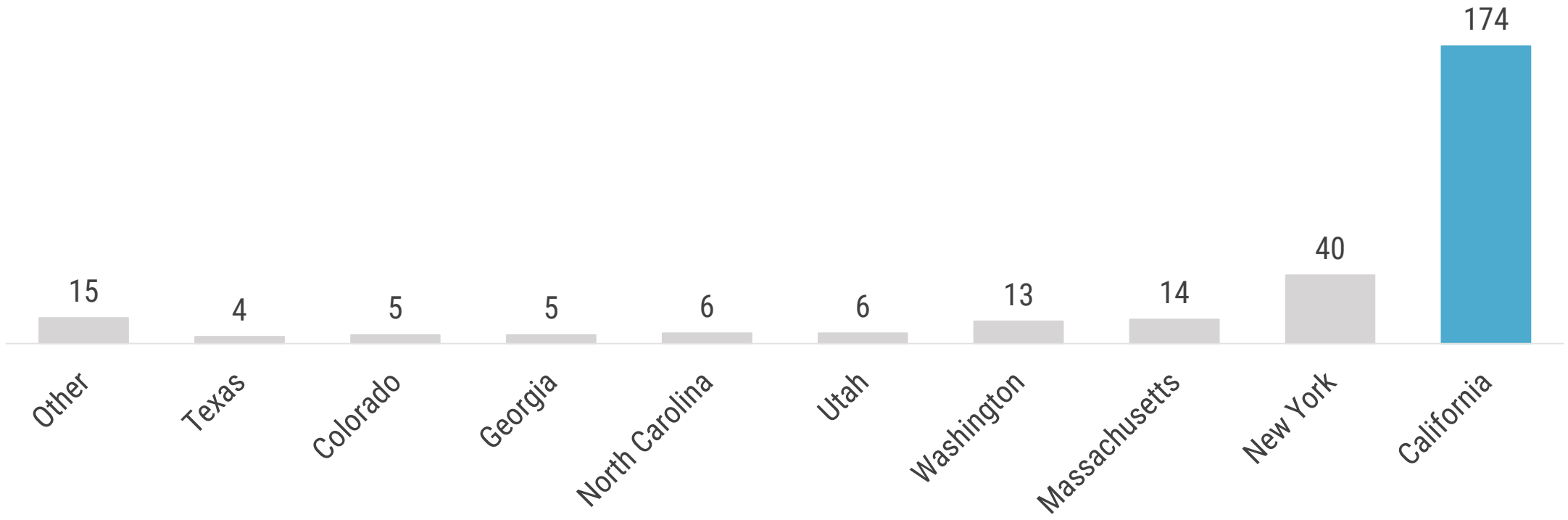
# Mega-rounds to companies in the Tech IPO Pipeline reach record high in 2019

Total $100M+ financing rounds to Tech IPO Pipeline companies, 2014 – 2019 YTD (12/2/2019)

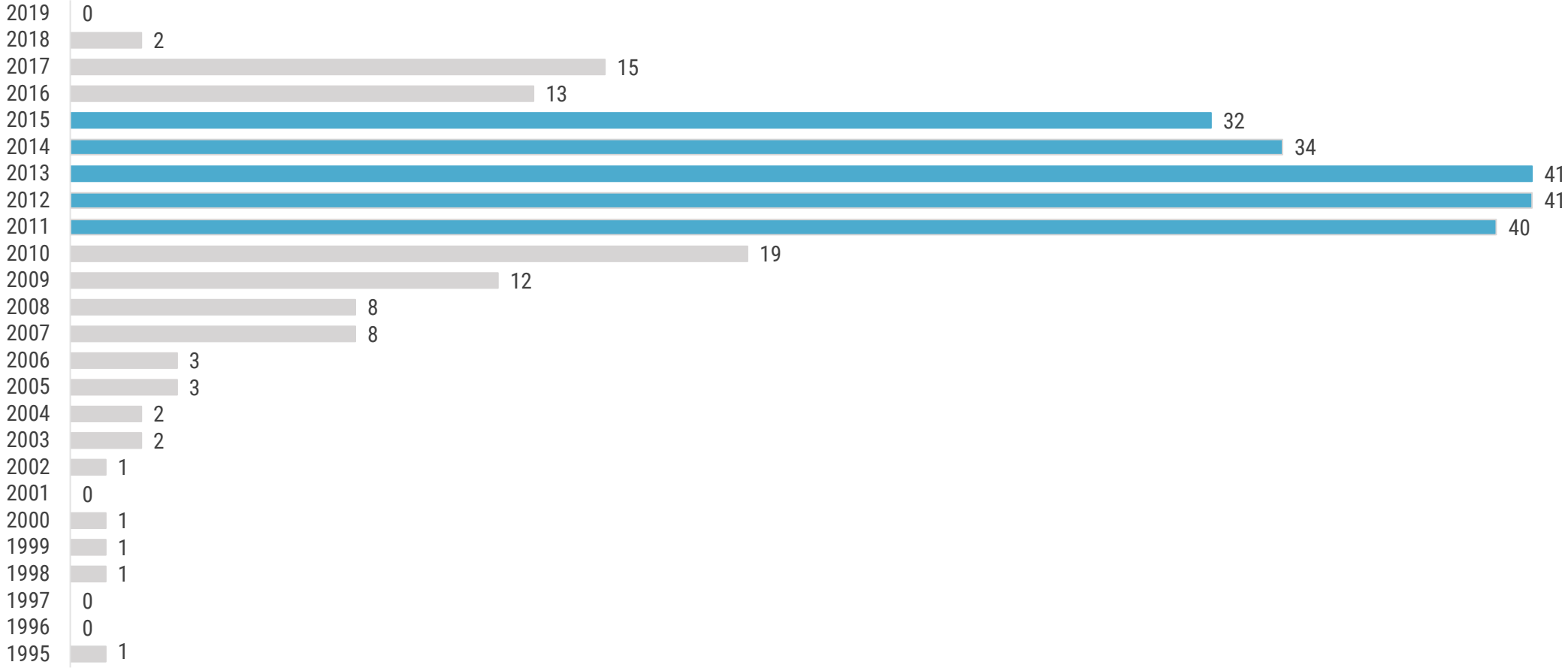


# California-based companies dominate the Tech IPO Pipeline

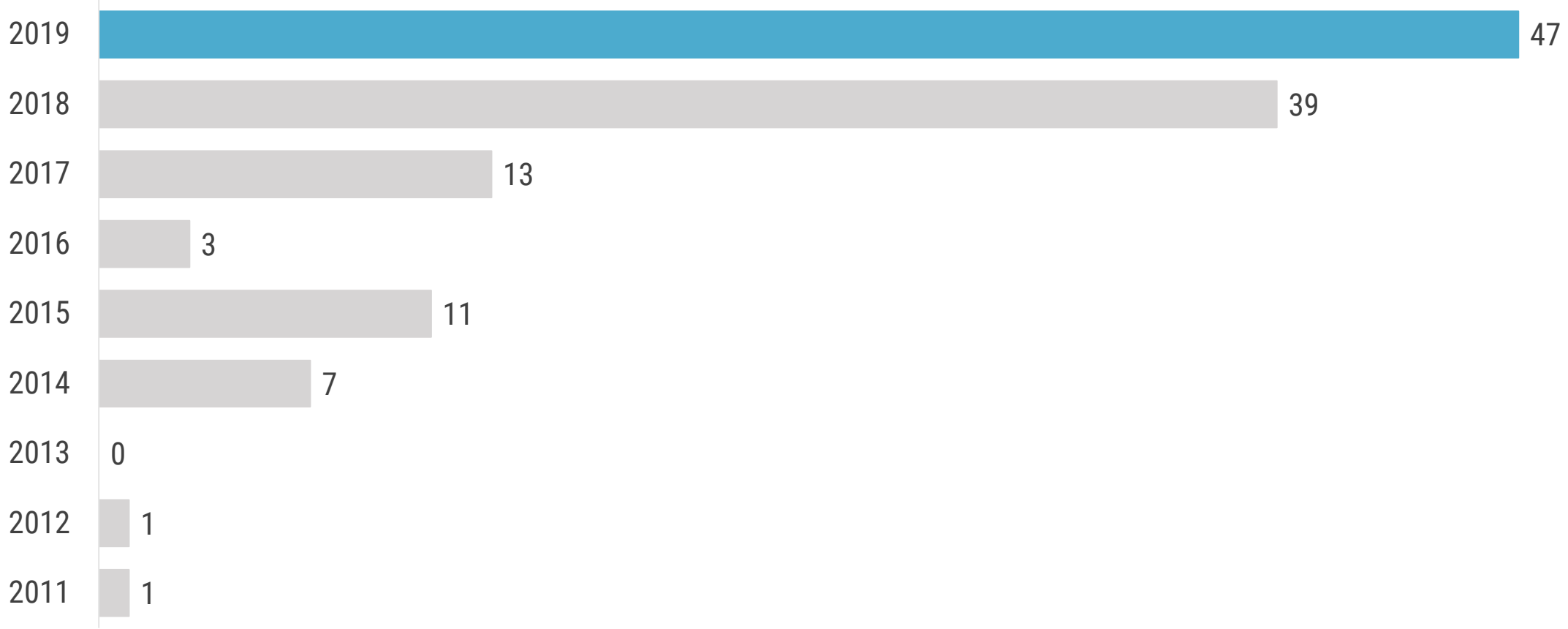
Tech IPO Pipeline companies by US state



# Two-thirds of Tech IPO Pipeline companies first raised between 2011 and 2015



# 47 Tech IPO Pipeline companies first became unicorns in 2019



# Top 2020 Tech IPO Pipeline Investors

# Sequoia, GV, A16Z among top IPO Pipeline VCs

Investors ranked by highest number of portfolio companies in the 2020 Tech IPO Pipeline

| Rank | Investor | 2019 Position | YoY Change |
|---|---|---|---|
| 1 | Tiger Global Management | 9 | 8 |
| 1 | Sequoia Capital | 4 | 3 |
| 3 | Google Ventures | 2 | -1 |
| 3 | Andreessen Horowitz | 1 | -2 |
| 5 | Accel | 4 | -1 |
| 6 | SV Angel | 6 | 0 |
| 7 | Y Combinator | 11 | 4 |
| 8 | Kleiner Perkins Caufield & Byers | 2 | -6 |
| 8 | Institutional Venture Partners | 8 | 0 |
| 10 | New Enterprise Associates | 6 | -4 |
| 11 | Spark Capital | 24 | 13 |
| 12 | Index Ventures | 20 | 8 |
| 13 | Battery Ventures | 14 | 1 |
| 14 | Lightspeed Venture Partners | 13 | -1 |
| 14 | ICONIQ Capital | 11 | -3 |
| 14 | Insight Partners | 20 | 6 |
| 17 | Thrive Capital | 18 | 1 |
| 17 | Founders Fund | 14 | -3 |
| 19 | T. Rowe Price | 24 | 5 |
| 19 | Goldman Sachs | 10 | -9 |
| 19 | Coatue Management | 35 | 16 |

Tiger Global moves up 8 spots to first on the list of investors with the most investments in Tech IPO Pipeline companies this year.

Sequoia Capital, Google Ventures, Andreessen Horowitz, and Accel all remained in the top 5. Big movers in the top 20 include Spark Capital (+13 spots) and Coatue Management (+16 spots).

# Tiger, Sequoia top investors in pipeline unicorns

Top ranked investors by 2020 Tech IPO Pipeline companies in the unicorn club

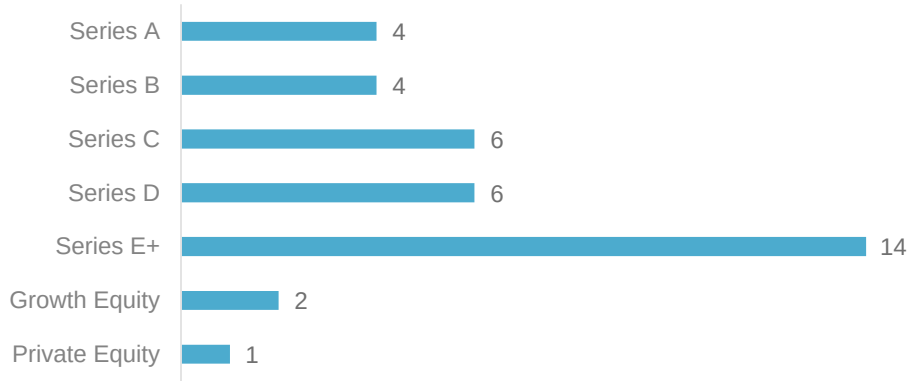
| Rank | Investor | Unicorns | % Seed or Series A |
|---|---|---|---|
| 1 | Tiger Global Management | 27 | 11% |
| 2 | Sequoia Capital | 21 | 43% |
| 3 | Andreessen Horowitz | 20 | 40% |
| 4 | Spark Capital | 19 | 16% |
| 4 | Google Ventures | 19 | 42% |
| 4 | Institutional Venture Partners | 19 | 0% |
| 7 | Kleiner Perkins Caufield & Byers | 17 | 24% |
| 8 | SV Angel | 16 | 100% |
| 9 | Y Combinator | 15 | 93% |
| 9 | ICONIQ Capital | 15 | 0% |
| 9 | Founders Fund | 15 | 40% |
| 12 | T. Rowe Price | 14 | 0% |
| 12 | Fidelity Investments | 14 | 0% |
| 12 | Index Ventures | 14 | 29% |
| 12 | Coatue Management | 14 | 0% |
| 16 | New Enterprise Associates | 13 | 77% |
| 16 | Lightspeed Venture Partners | 13 | 31% |
| 16 | DST Global | 13 | 0% |
| 16 | Accel | 13 | 54% |
| 20 | Wellington Management | 12 | 0% |
| 20 | Thrive Capital | 12 | 25% |
| 20 | Meritech Capital Partners | 12 | 0% |
| 20 | Greylock Partners | 12 | 58% |

Tiger Global, Sequoia Capital, and Andreessen Horowitz topped all investors with the highest number of billion-dollar Tech IPO Pipeline companies in their portfolio, each with 20 or more. Sequoia Capital and Andreessen Horowitz first invested in 40%+ of their pipeline companies in the billion-dollar club at the seed or Series A stage.

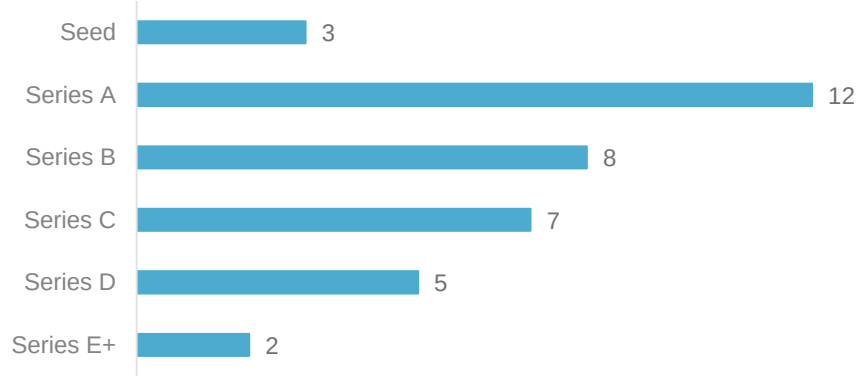
The list is rounded out by a mix of venture capital firms, such as Spark Capital, Kleiner Perkins, and Founders Fund, and traditionally late-stage investors such as Wellington Management, Fidelity Investments, ICONIQ Capital, and T. Rowe Price.

# Top 2020 IPO Pipeline investors, by entry stage

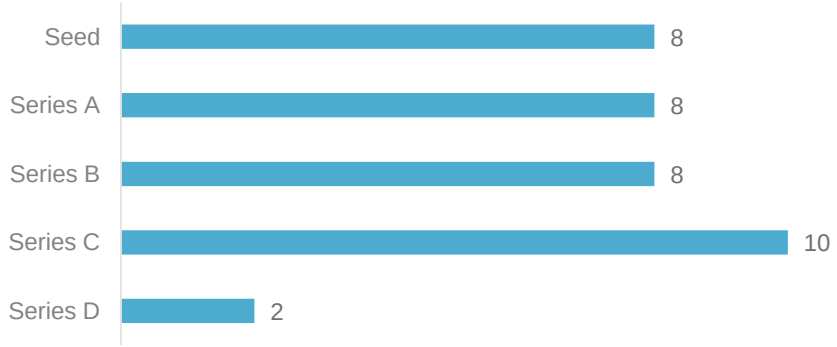
### 1. Tiger Global Management



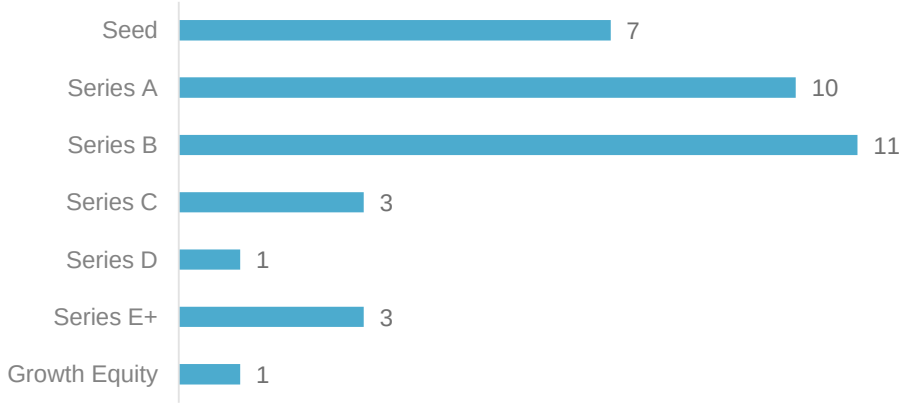

### 1. Sequoia Capital




### 3. Google Ventures

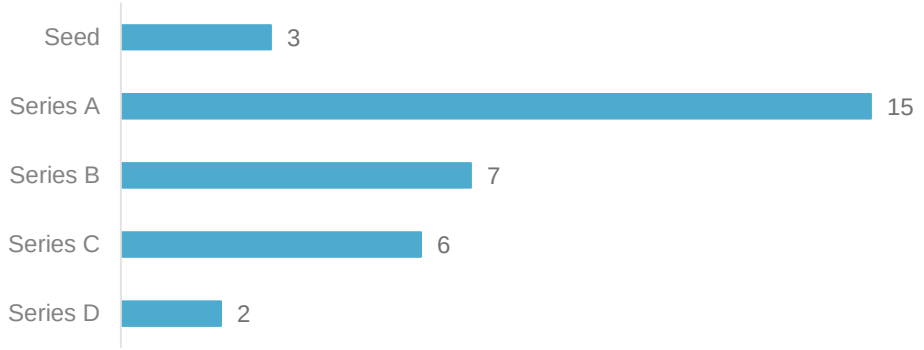



### 3. Andreessen Horowitz

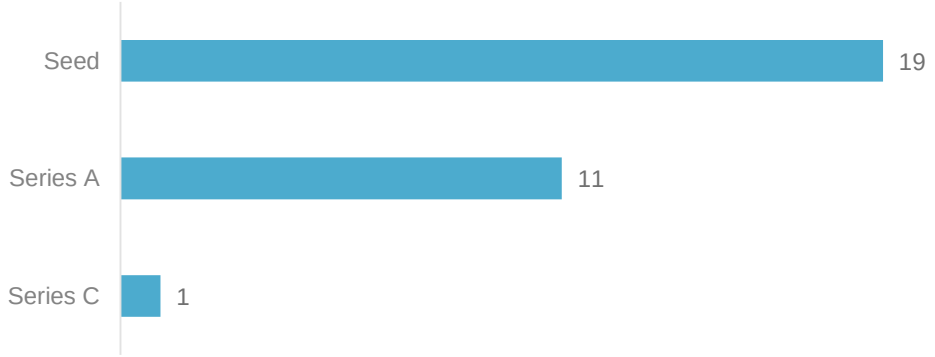


# Top 2020 IPO Pipeline investors, by entry stage

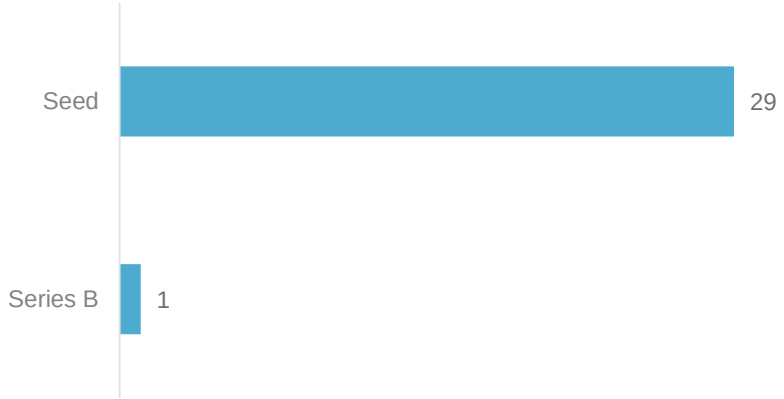
### 5. Accel



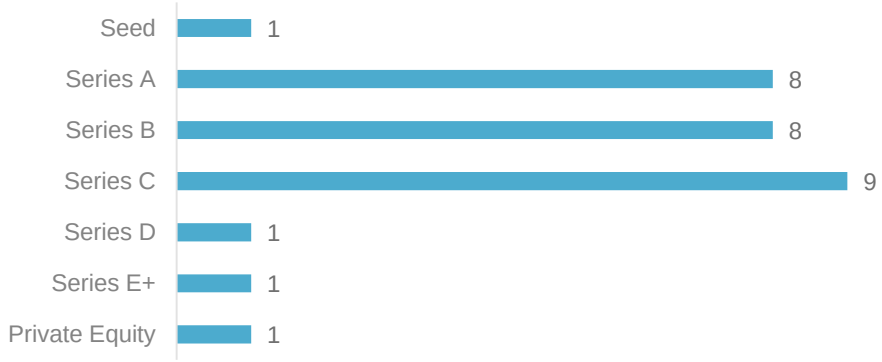

### 6. SV Angel




### 7. Y Combinator

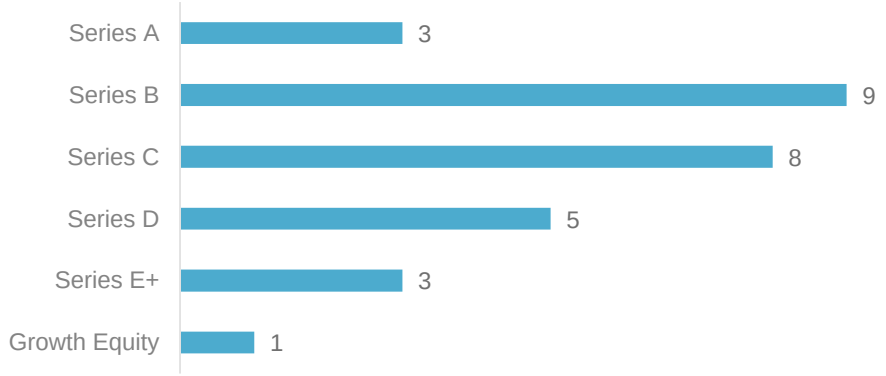



### 8. Kleiner Perkins

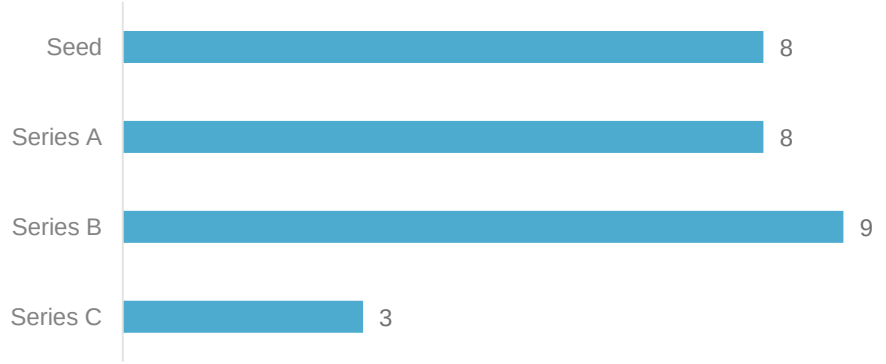


# Top 2020 IPO Pipeline investors, by entry stage

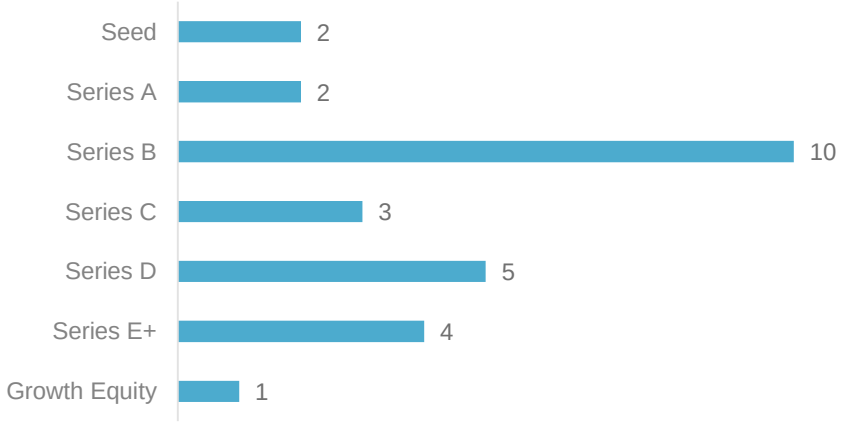
### 8. IVP



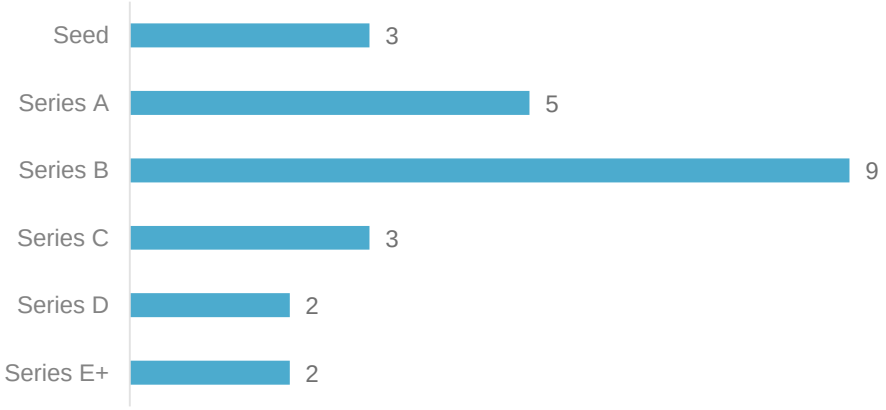

### 10. NEA




### 11. Spark Capital

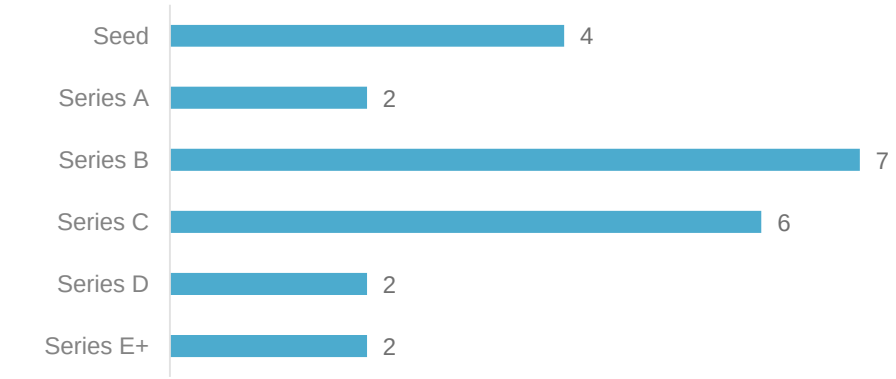



### 12. Index Ventures

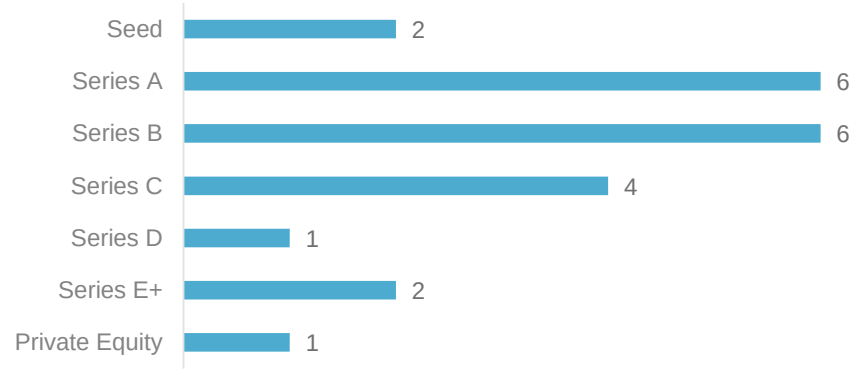


# Top 2019 IPO Pipeline investors, by entry stage

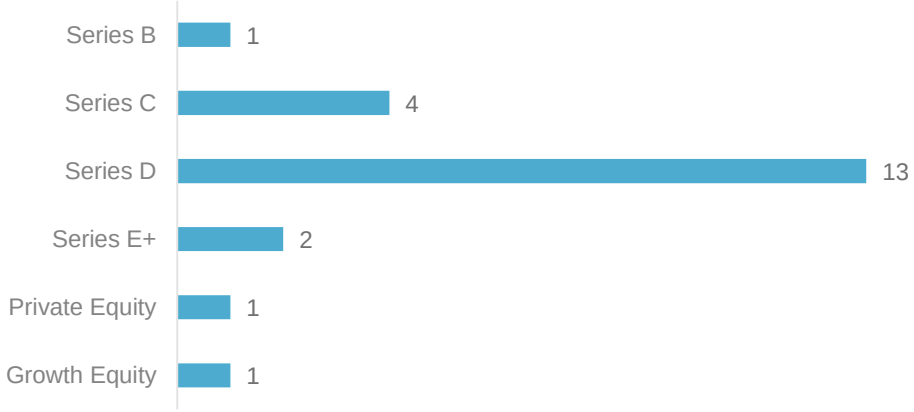
### 13. Battery Ventures



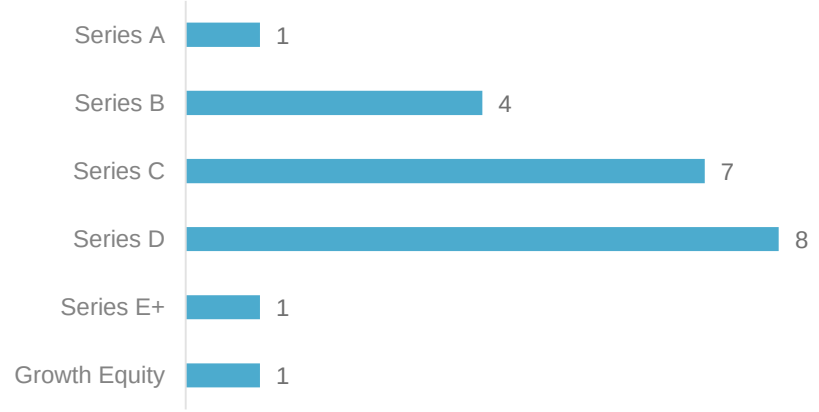

### 14. Lightspeed Venture Partners




### 14. ICONIQ Capital

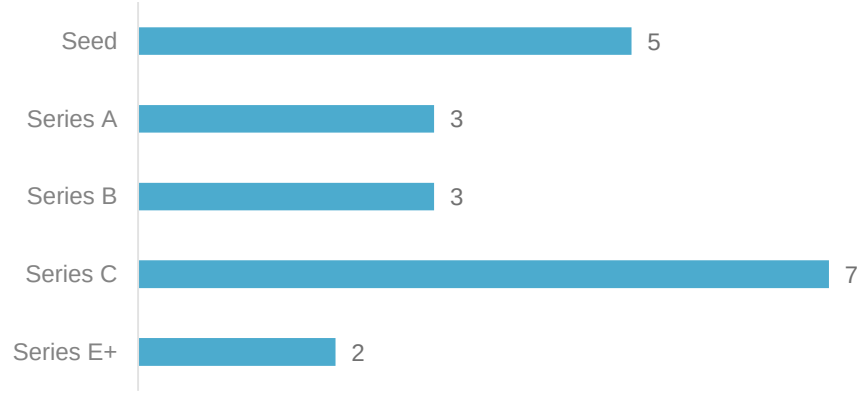



### 14. Insight Partners

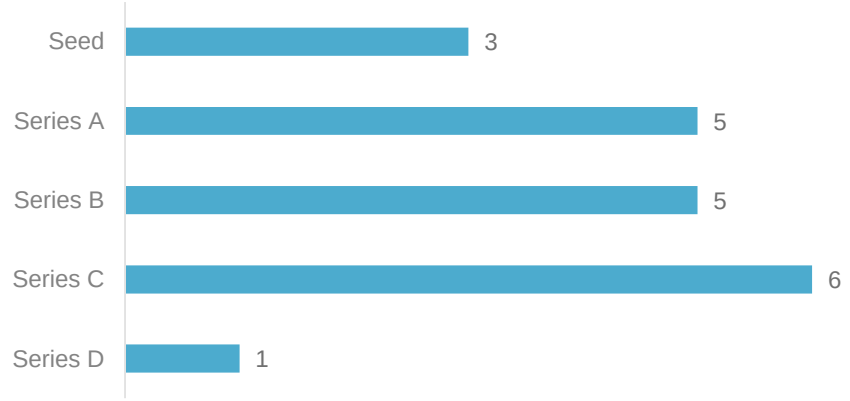


# Top 2019 IPO Pipeline investors, by entry stage

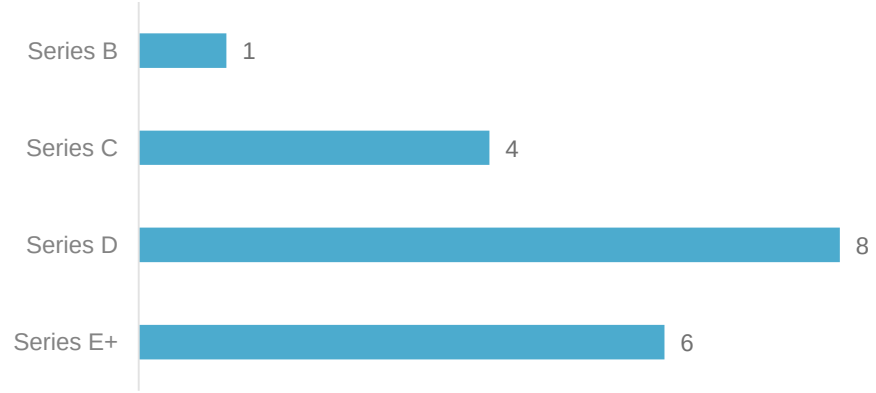
### 17. Thrive Capital



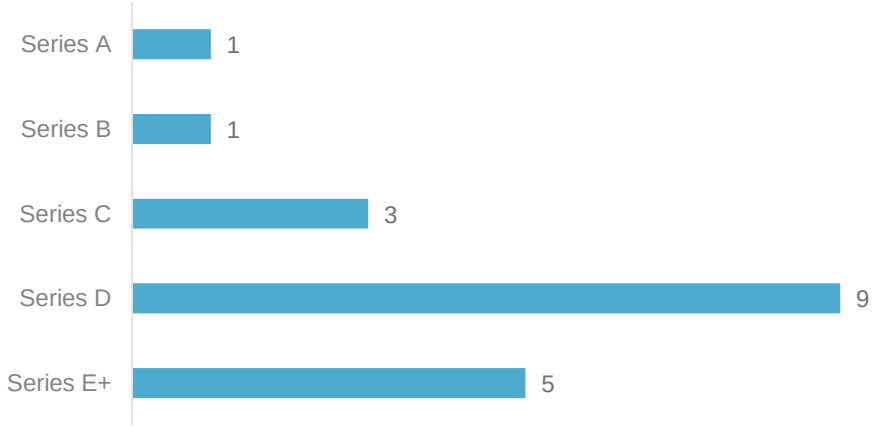

### 17. Founders Fund



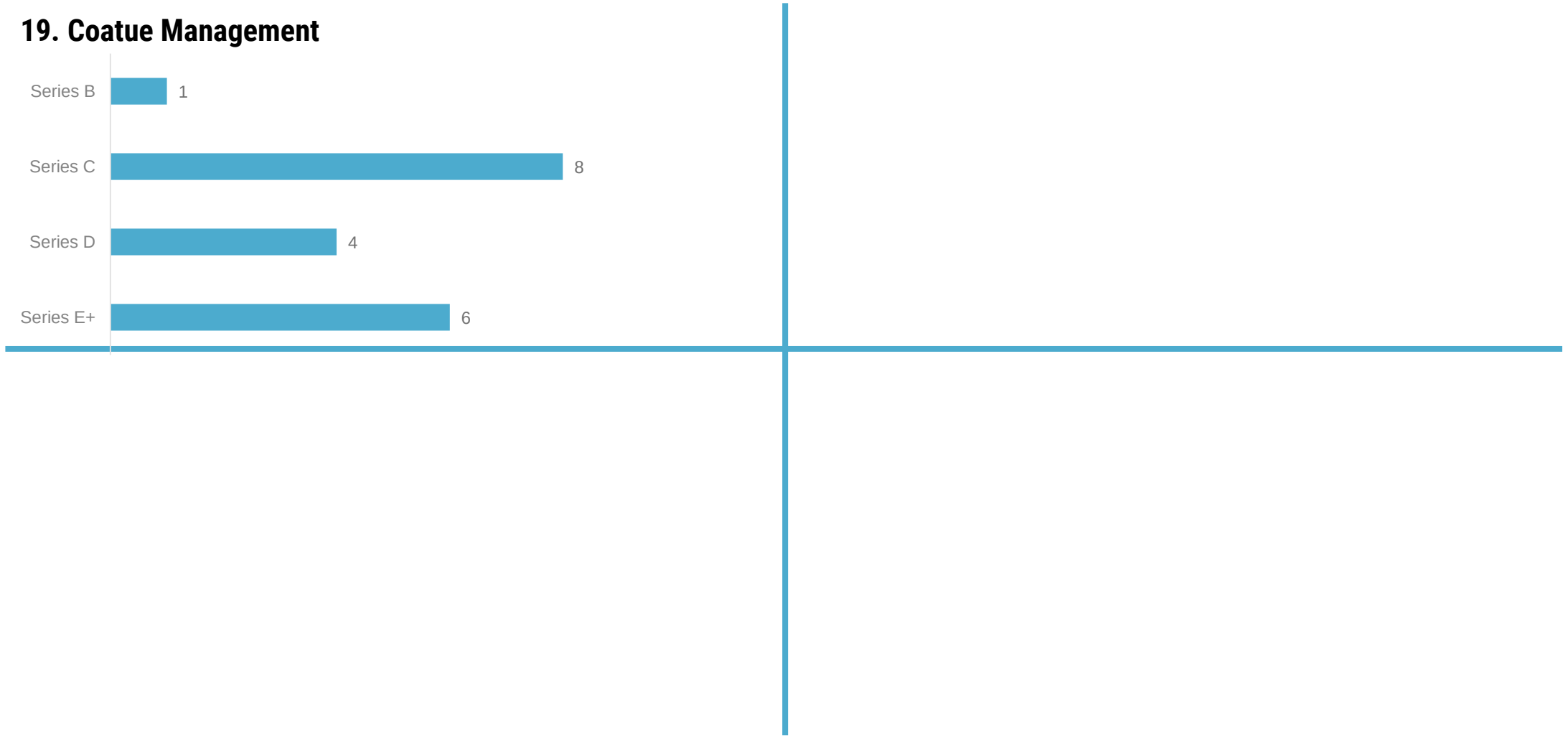

### 19. T. Rowe Price




### 19. Goldman Sachs

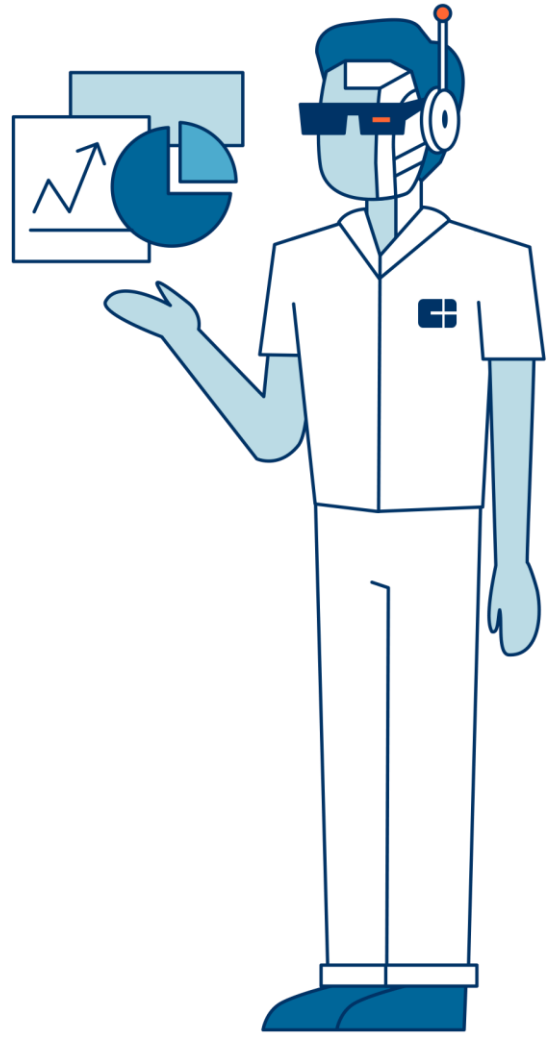


# Top 2019 IPO Pipeline investors, by entry stage



WHERE IS ALL THIS DATA FROM?

# The CB Insights platform has the underlying data included in this report



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