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The Future According To Andreessen Horowitz

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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The legendary investor has more than doubled its annual investments this year. From NFTs to gaming to creator platforms, we dig into the data to see where a16z is placing its bets on the future.

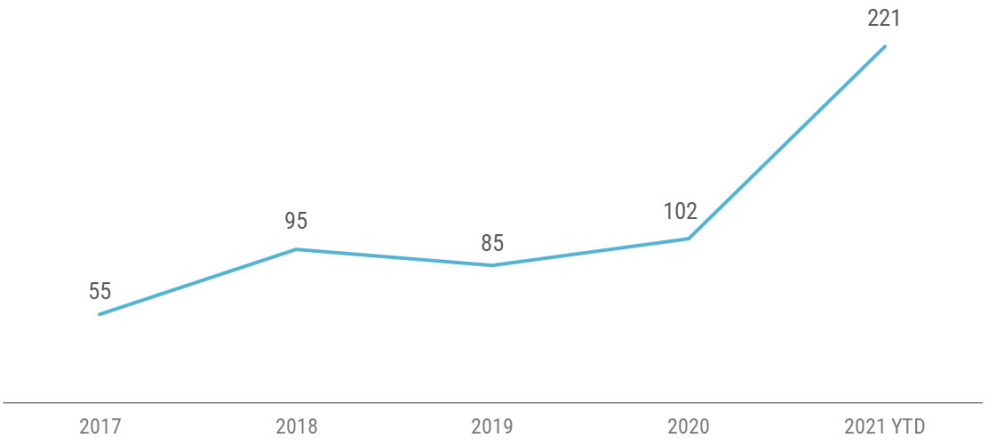
2021 has been a landmark year for Andreessen Horowitz (a16z).

The investor has seen a record 43 portfolio companies exit via M&A and IPO, including 3x more IPOs this year than any previous year on record.

Deal-making too has accelerated dramatically. 2021 has already seen more than double a16z's previous annual deal record.

Deals in 2021 have more than doubled 2020's total

Annual a16z-backed deals across categories, 2017 – 2021 YTD (11/28/2021)



Source: cbinsights.com

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We mined CB Insights data to track a16z's investments over the past 5 years to see where the firm identifies the next big opportunity — and where it's pumping the brakes.

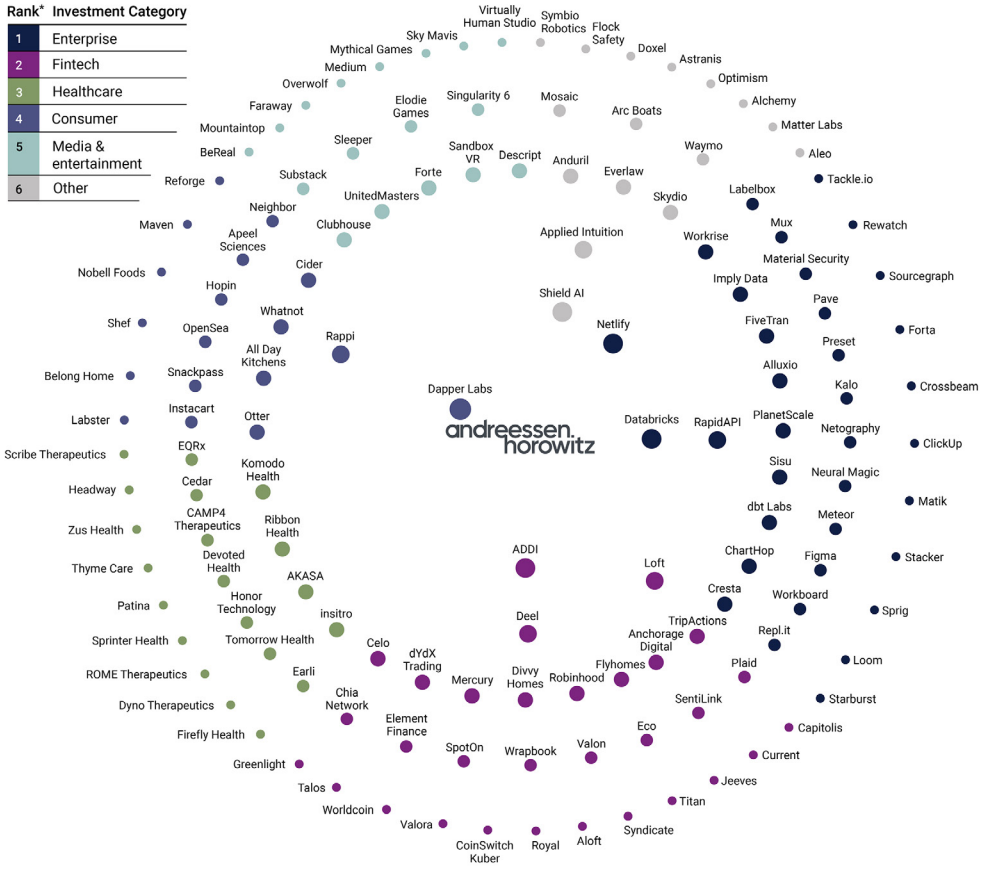
Read on to see the investor's activity across areas like:

- NFTs, crypto exchanges, and other blockchain-based tech
- The metaverse
- Self-driving vehicles
- And many more

Investment social graph

Where Andreessen Horowitz invests

Bubble size and proximity to center correspond to the total number of a16z-backed investments in a company since 2017. Companies included have had an a16z-backed round worth $20M+ in 2021 YTD (11/28/2021).



*Ranking is based on the number of companies per category with an a16z-backed $20M+ round in 2021.

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Cross-industry investment trends

BLOCKCHAIN & CRYPTO

We do not include blockchain & crypto as its own industry in this analysis, because the technology permeates each of the industries we cover, from consumer goods (e.g., digital collectibles) to fintech (e.g., crypto investing) to media & entertainment (e.g., player-owned gaming economies).

In 2021, the blockchain & crypto category became a cornerstone of a16z's investment strategy.

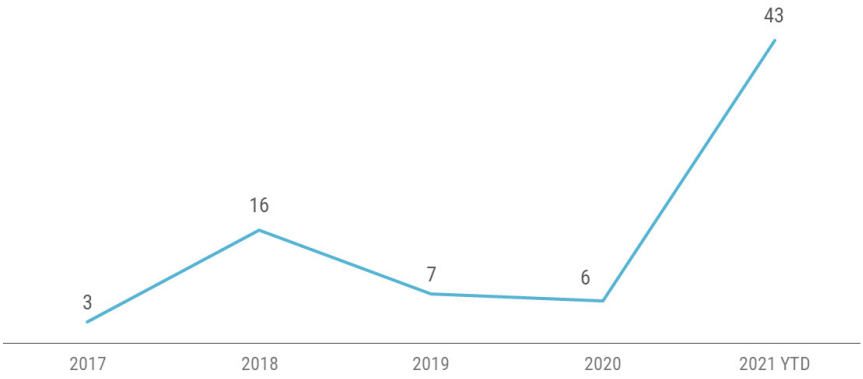
This summer, it launched the third — and by far the largest — of its crypto funds, clocking in at $2.2B. General Partner Katie Haun has said the aim of this new fund is to go global, investing in blockchain & crypto even where a16z might not be a household name.

It's gone on a hiring spree, employing a slew of blockchain industry experts, some of whom, like Haun, previously worked for the US government and are helping give a16z greater sway in Washington DC as it seeks to shape emerging regulations.

And it's firing on all cylinders on the investing front. In 2021, the firm has increased its blockchain & crypto-related investments by a whopping 7x year-over-year (YoY). The 43 blockchain deals this year span 9 countries, more than double any previous year.

Andreessen Horowitz is all in on blockchain this year

Annual a16z-backed blockchain & crypto deals, 2017 – 2021 YTD (11/28/2021)



Source: cbinsights.com

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While early applications of crypto primarily focused on financial services, a16z's latest investments reflect the increasing breadth of blockchain applications across industries. These are some of its most notable blockchain investment categories, alongside recently backed portfolio companies:

- **Financial services:** Compound Finance, Royal, Element Finance, CoinSwitch Kuber
- **Gaming:** Mythical Games, Faraway, Sky Mavis, Forte
- **Developer tools:** Aleo, Matter Labs, Alchemy
- **NFT collectibles marketplaces:** Dapper Labs, OpenSea

THE METAVERSE

Many of a16z's investments in blockchain & crypto overlap with another emerging category: the metaverse. This refers to the idea of a shared, persistent virtual space, akin to a digital mirror of the real world.

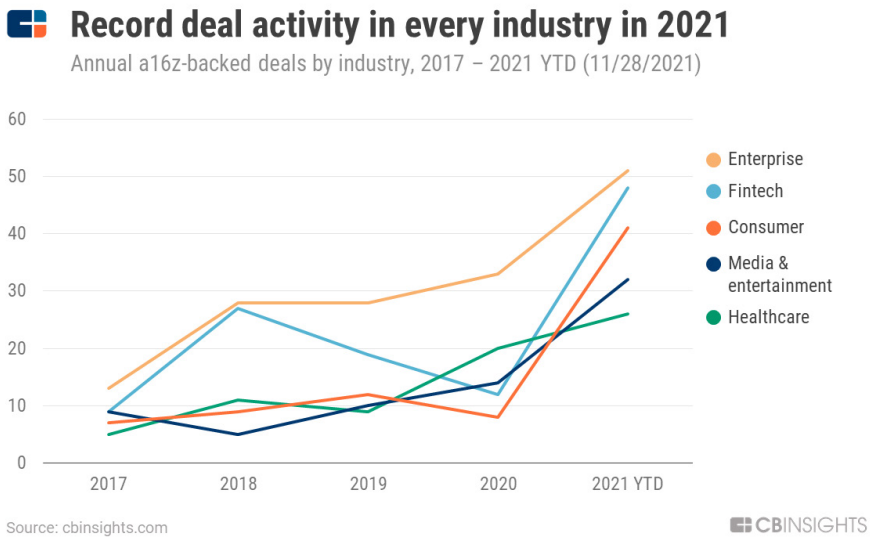
Andreessen Horowitz is one of the top investors in companies building the foundations of the metaverse. In 2021 alone, it has backed companies in areas like:

- Decentralized publishing and social media networks
- Virtual economies for game development
- Digital asset marketplaces, as well as blockchain protocols on which new applications are built
- E-commerce enablement for NFT storefronts

Whatever form the metaverse eventually takes, its emergence will require the evolution of technology across infrastructure, consumer-facing hardware, platforms, and more. With an early investment presence here, Andreessen Horowitz and its portfolio companies could play an important role in contributing to the development of the space in the coming years.

Industry-specific investment trends

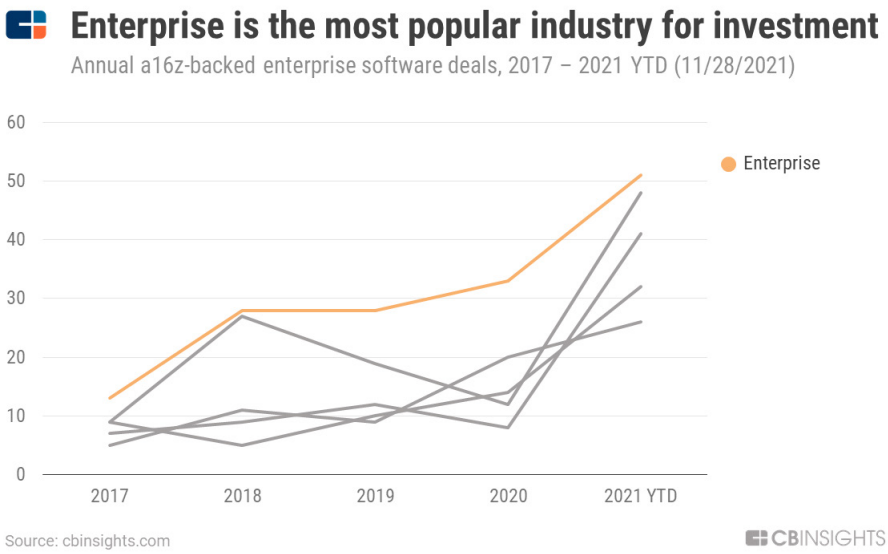
Using CB Insights data, we tracked a16z's investments since 2017 across core industries, from enterprise software to healthcare to consumer goods.



Each industry has seen record investment activity in 2021, although some are growing at faster rates than others.

Below, we explore each industry in detail and break down the key technologies driving growth in each area.

ENTERPRISE



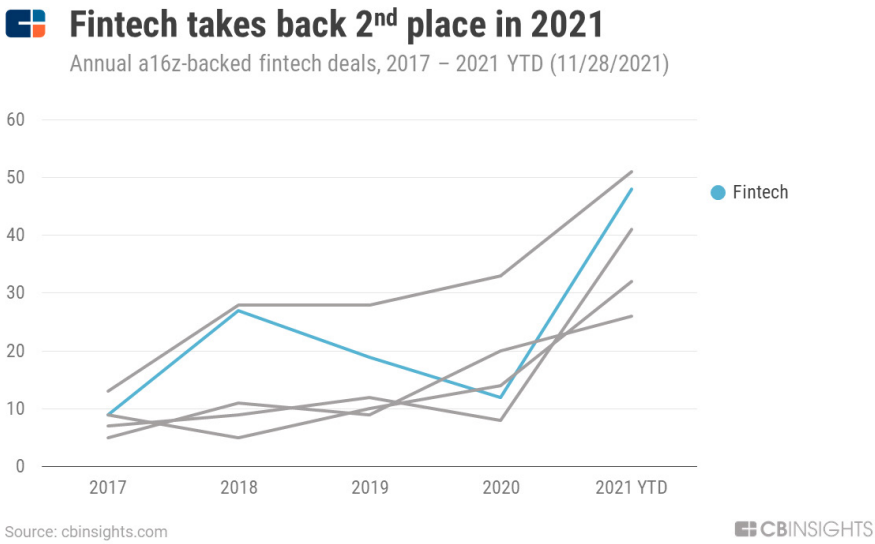
The enterprise category — which includes companies offering IT, cloud, cybersecurity, HR, developer, and general enterprise software solutions — has been a16z's top industry target for the past 5 years. In 2021 YTD, the firm has backed 51 enterprise deals.

One success story here is Databricks, a data management and analytics platform that Andreessen Horowitz has backed twice this year. The firm first invested in Databricks when it led its Series A in 2013, which valued the company at $43M. It's now worth $38B — nearly 900x higher.

Since 2017, Andreessen Horowitz's enterprise company portfolio consists largely of developer platforms like Netlify and RapidAPI, as well as data analytics firms like Databricks.

Behind developer platforms and data analytics tools, cybersecurity is the third largest enterprise subcategory since 2017, featuring companies like Material Security and Netography. We map out where 25 Smart Money VCs — including Andreessen Horowitz — are investing in cybersecurity here.

FINTECH



Andreessen Horowitz is one of the top-performing VCs for fintech worldwide. This year, the fintech category has seen strong growth, with the number of a16z-backed deals surging to 48, up 4x YoY after declining for 2 years straight.

Among this year's deals, 18 have gone to blockchain & crypto startups — more than any other fintech subcategory, and a massive increase from just 2 blockchain-based fintech deals in 2020.

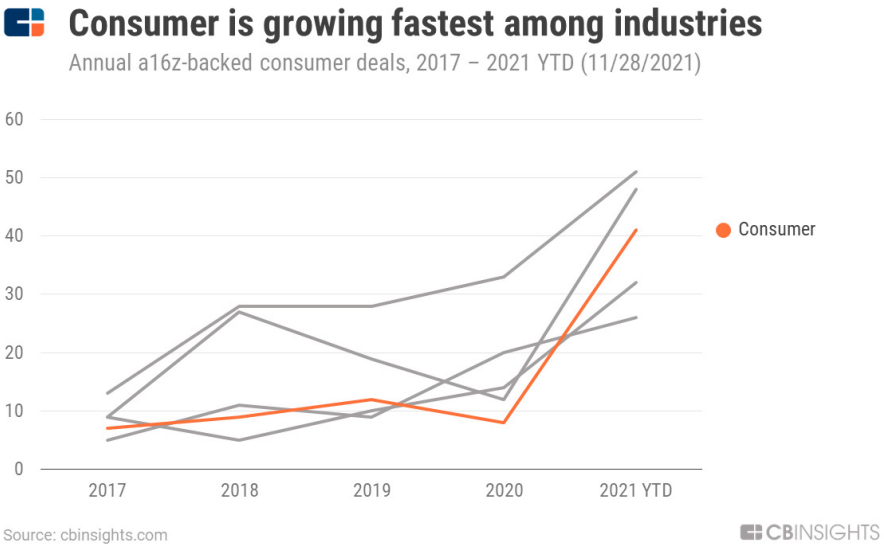
Some of a16z's most frequent investment targets here include decentralized exchange dYdX and mobile crypto payments platform Celo, backing each company 3 times since 2017. The biggest crypto deal it has backed this year is India-based CoinSwitch Kuber's $260M Series C.

Outside of blockchain & crypto, Andreessen Horowitz regularly invests in the asset investment and management space. Early this year, for instance, it backed two $1B+ rounds to digital brokerage Robinhood, which required an infusion of capital to meet regulatory requirements following the meme stock trading frenzy.

a16z has increased its stake in Robinhood across 5 rounds in total, starting with the company's seed round in 2013. This paid off for the firm when Robinhood went public in July 2021 at a valuation of $31.8B.

Real estate has also become a greater focus of a16z's investment strategy, with 7 deals in 2021 so far — up from just 1 deal in 2020 — to companies such as Brazil-based buying marketplace Loft and rent-to-own platform Divvy Homes. Andreessen Horowitz is one of the top 3 most active Smart Money VCs in real estate tech.

CONSUMER



After several slow-going years, the consumer sector has become a hot spot for a16z. The firm has invested in 41 consumer deals this year, up more than 5x vs. 2020 — making it the fastest-growing industry in this analysis.

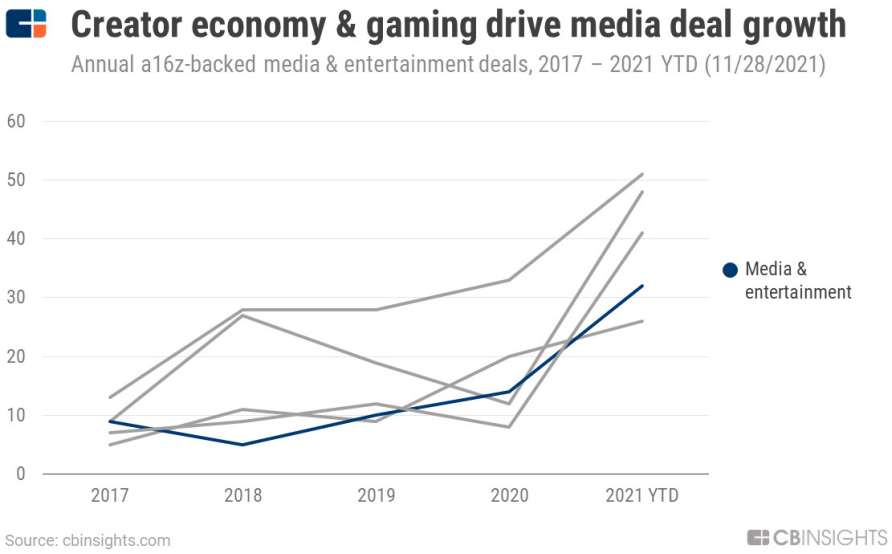
The surge has been driven by digital marketplaces. The investor has been increasingly bullish here, dedicating numerous blog posts to exploring the marketplace business model and publishing a ranked list of the top 100 marketplaces for each of the past 2 years. (You can see our Expert Collection of the 2021 Marketplace 100 here.)

This is not a new area for Andreessen Horowitz. The firm has backed Airbnb across multiple rounds since its 2011 Series B. By the time Airbnb went public in December 2020 at a $40.6B valuation, a16z's initial stake in the company had grown to a value of $1B.

In 2021 YTD, a16z has made 19 marketplace deals — more than the previous 4 years combined — as it looks to diversify its marketplace portfolio by backing platforms with more niche focuses. These include:

- Dapper Labs and OpenSea, which use blockchain-based smart contracts to authenticate digital assets known as NFTs. In the past 5 years, Andreessen Horowitz has invested in Dapper Labs 6 times — more than any other startup — beginning with its Series A in 2018.
- Live auction platform Whatnot, which has attracted 3 a16z investments this year.
- Otter, which connects parents and childcare providers. It has raised 3 a16z-backed rounds this year, starting with its seed round in January.
- Neighbor, a marketplace for unused or vacant storage space.
- Home rental marketplace Belong Home.
- Shef, which connects home chefs with customers.
- Maven, a community-driven learning & development marketplace.

MEDIA & ENTERTAINMENT



Andreessen Horowitz has backed 32 deals in media & entertainment this year, more than doubling its activity YoY. The biggest drivers of growth are gaming, which accounts for half of this year's investments, and creator-focused platforms, which contribute a quarter.

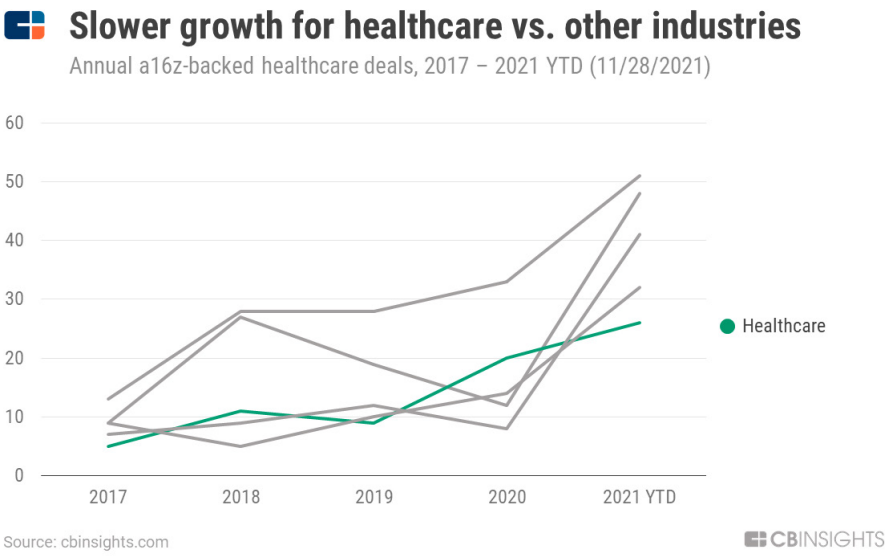
a16z has been one of several Smart Money investors to push gaming into the mainstream. The firm has steadily upped its investment activity here, from 2 deals in 2018 to 5 in 2019, 9 in 2020, and 16 this year.

The growth of this category overlaps with a16z's increasing focus on blockchain-based services and platforms. Half of its gaming investments this year build on or integrate blockchain technology. For instance, a16z has backed 2 rounds — including a recent $725M Series B — to Forte, which provides a blockchain platform for game developers to create new revenue streams, NFTs, and tokenized economies.

Similarly, Mythical Games develops player-owned game economies, which include "playable NFTs." a16z joined Mythical Games' $150M Series C in November 2021. Both Forte and Mythical Games were included in our market map of 80+ companies shaping the blockchain landscape.

Andreessen Horowitz has also turned its sights on the emerging creator economy, investing in 8 creator-focused media & entertainment deals this year, compared to none in 2020. This year, it has backed content creation tools like Descript, distribution solutions like UnitedMasters, and publishing platforms like Substack and Medium.

HEALTHCARE



While the healthcare category has reached a record investment level in 2021, it has not undergone the same tremendous growth as other categories. At 26 deals YTD, healthcare comes in last place for deal activity among a16z's industry focuses.

Some of Andreessen Horowitz's biggest recent bets include backing mega-rounds like:

- Medicare Advantage plan provider Devoted Health's $1.2B Series D
- Biotech firm EQRx's $500M Series B
- Drug discovery company insitro's $400M Series C

The investor has also seen several key exits from its healthcare portfolio this year:

- EQRx announced an upcoming SPAC transaction at a $3.7B valuation
- Patient health records platform Ciitizen was acquired by genomics company Invitae for $325M
- Precision oncology company Erasca IPO'd at a $1.8B valuation
- Doctor On Demand merged with Grand Rounds to create Included Health, which develops virtual care and patient navigation solutions

OTHER

Outside of the major industry investment categories above, Andreessen Horowitz has backed a handful of deals across other industries since 2017. The auto & mobility and industrials & manufacturing categories are the most consistent among these.

Auto & Mobility

Andreessen Horowitz has backed 5 auto & mobility companies this year — the highest level of annual activity since 2018, when it also backed 5 deals. This year's deals include a $2.5B round to Alphabet-owned self-driving company Waymo — the biggest deal a16z has participated in this year. Since 2016, Andreessen Horowitz has been the most active Smart Money investor in the autonomous driving space.

Industrials & Manufacturing

Andreessen Horowitz has backed 4 deals in the industrials & manufacturing space this year — up slightly from 2020's 3 deals. These 4 deals are evenly split between robotics (Symbio Robotics and Skydio) and construction management tech (Doxel and Mosaic).