
VENTURE CAPITAL TRENDS

Anand Sanwal
@asanwal

CEO | Co-founder
CB Insights
@cbinsights



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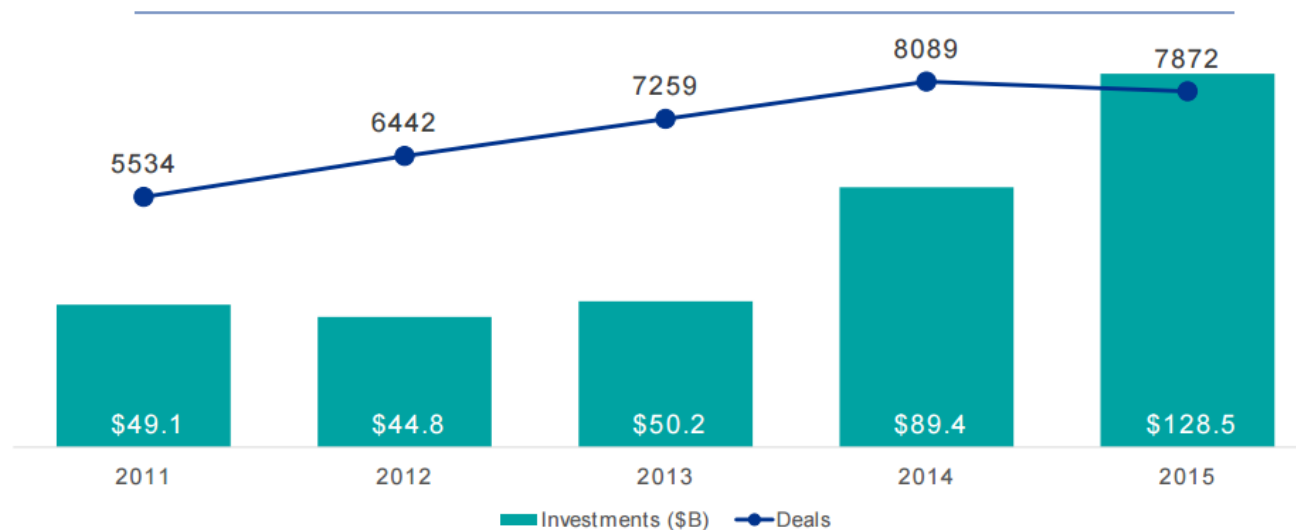


GLOBAL VC TRENDS

GLOBAL VC FUNDING PLUNGED IN Q4 BUT STILL A 5 YEAR HIGH

Funding to VC-backed companies in 2015 reached a multi-year high, topping 2014's total by 44%. Megarounds proved to dominate the startup world in 2015 as, despite the highs in funding, deals actually fell 3% versus 2014.

Annual Global Financing Trends to VC-Backed Companies
2011 – 2015

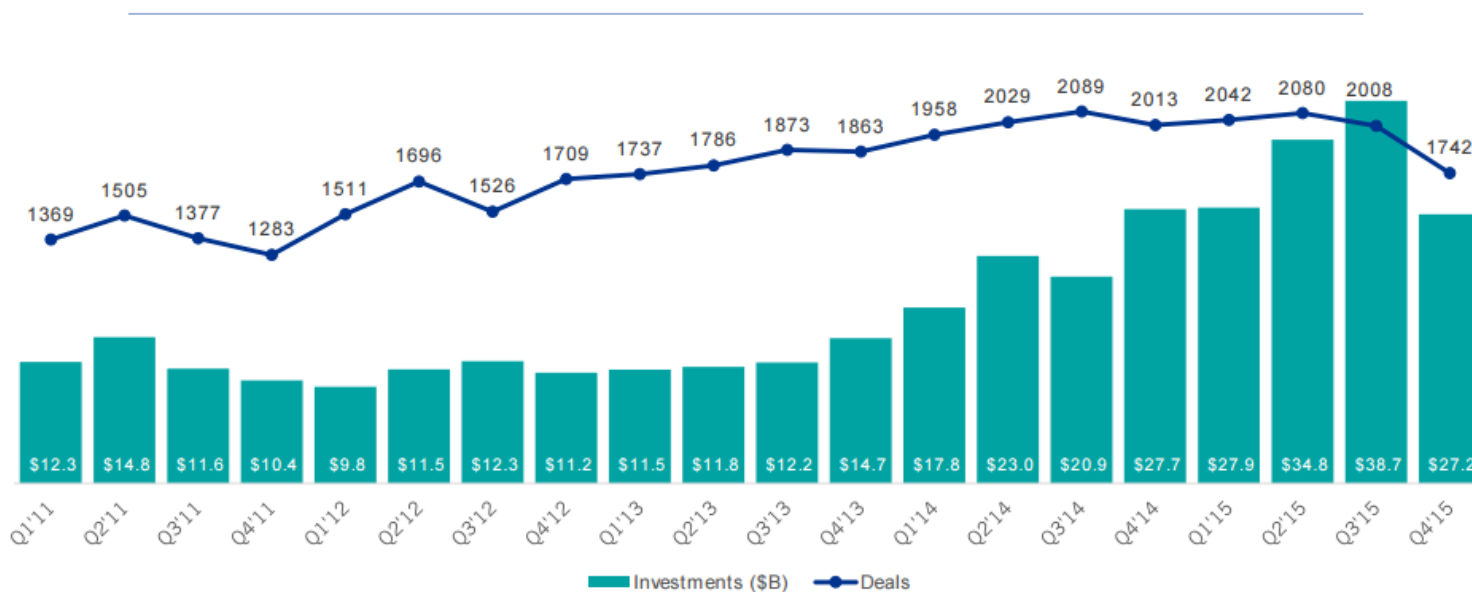


Source: <https://www.cbinsights.com/research/venture-capital-2015>

Q4'15 FUNDING FALLS DRASTICALLY AMID LOWEST DEAL TALLY SINCE Q1'13

After an exuberant Q3'15, which hit dot com funding levels, Q4'15 cooled dramatically. Sentiment which became very negative in late Q3 quickly manifested itself in Q4 activity as overall investment saw a drastic drop-off in the final quarter of 2015.

Quarterly Global Financing Trends to VC-Backed Companies Q1'11 – Q4'15



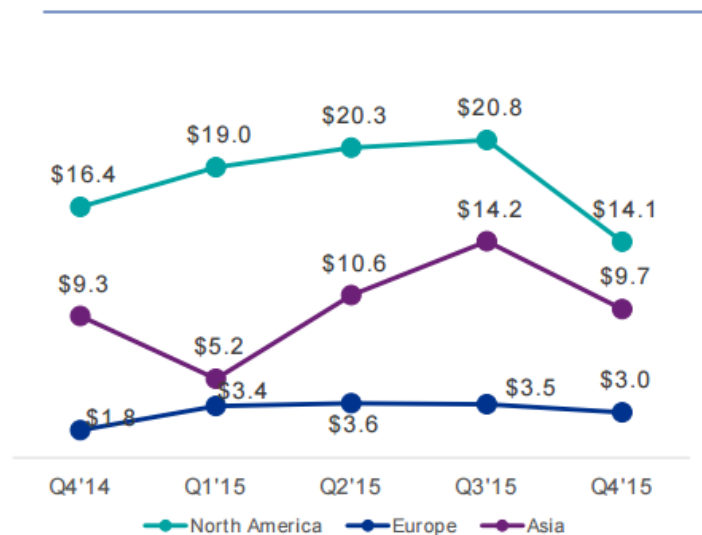
Source: <https://www.cbinsights.com/research/venture-capital-2015>

GEOGRAPHIC TRENDS

VC-BACKED COMPANIES IN ASIA AND NORTH AMERICA FEEL FUNDING CHILL IN Q4'15

Both North America and Asia saw significant drop-offs in total funding to VC-backed companies in Q4'15. North America saw just \$14.1B of investment in Q4'15, the lowest quarterly total since Q3'14, while Asia funding fell to \$9.7B. Despite the similarity in deal activity in Asia and Europe, Asia captured over 3x the funding in Q4'15.

Investment (\$B) by Continent
Q4'14 – Q4'15

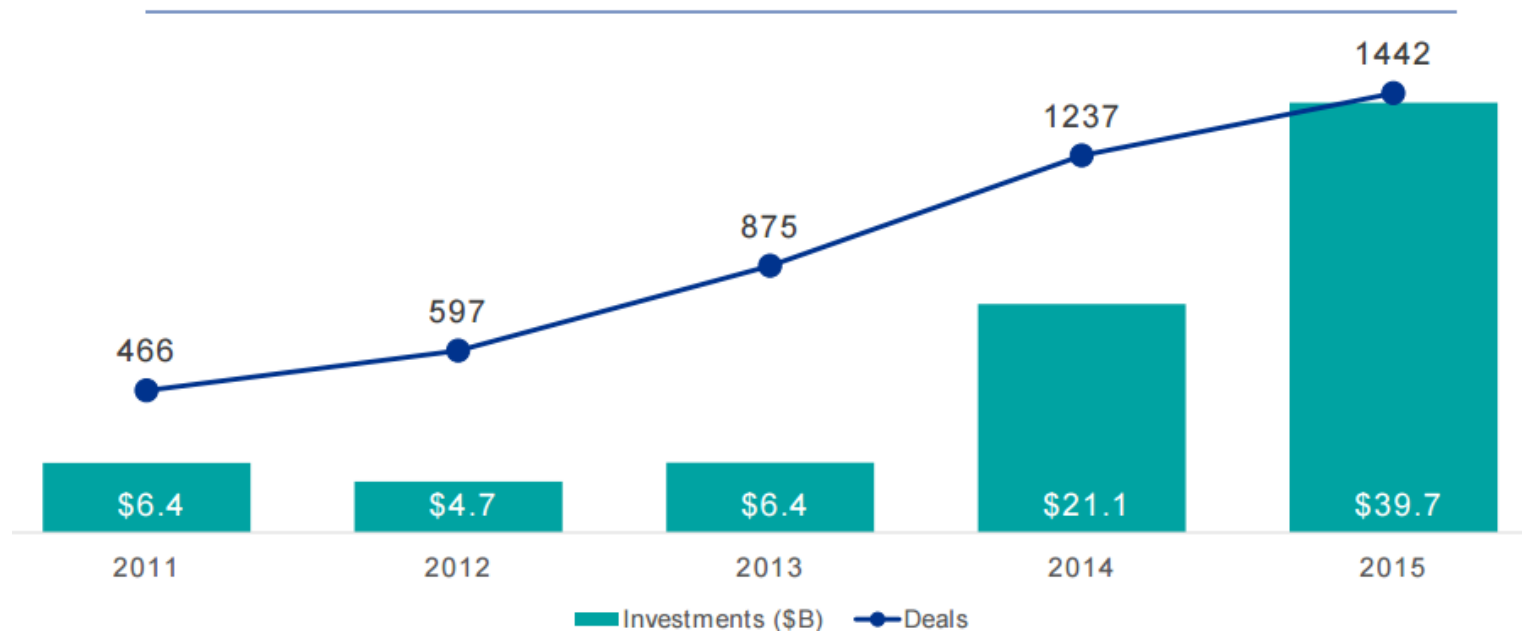


Source: <https://www.cbinsights.com/research-venture-capital-2015>

ASIA: 2015 FUNDING TOPS PREVIOUS 4 YEARS COMBINED

In 2015 there were over 85 equity financings of \$100M+ as funding reached \$39.7B in 2015, more than in the previous 4 years combined. Deals also increased 17% year over year to 1442.

Asian Annual Financing Trends to VC-Backed Companies 2011 – 2015



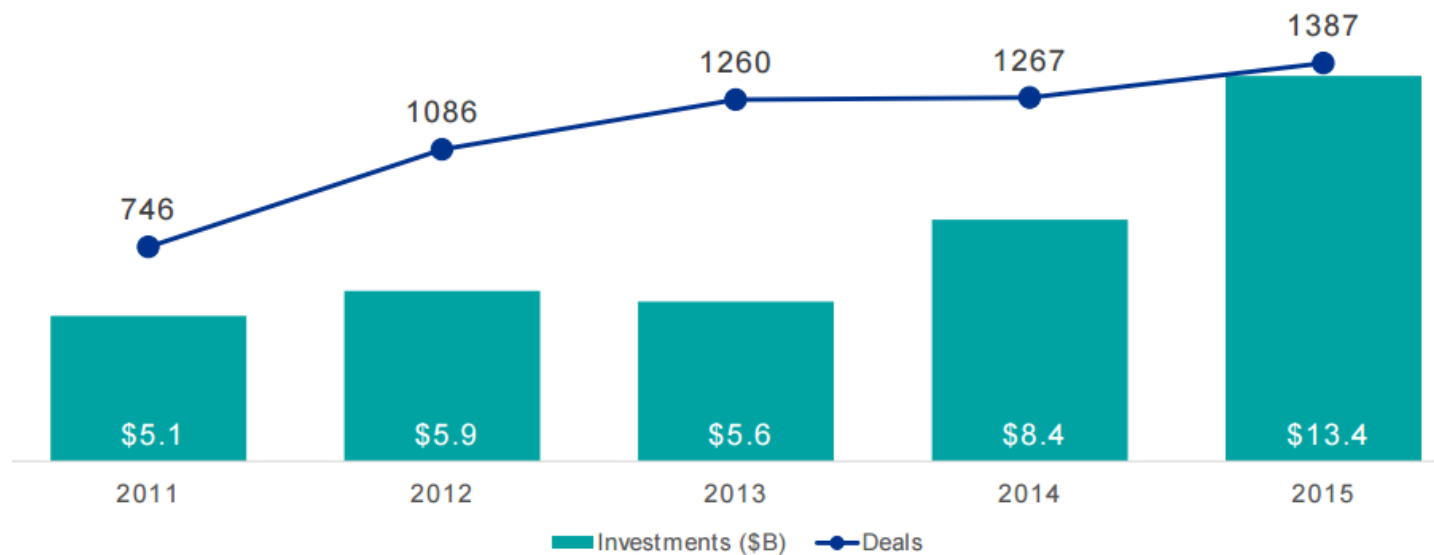
Source: <https://www.cbinsights.com/research/venture-capital-2015>

VC-BACKED EUROPEAN FUNDING REACHES ALL-TIME HIGH IN 2015

European VC investment was least affected by decline, with VC-backed companies in Europe raising \$13.4B in funding, an all-time high, across 1387 deals in 2015.

European Annual Financing Trends to VC-Backed Companies

2011 – 2015



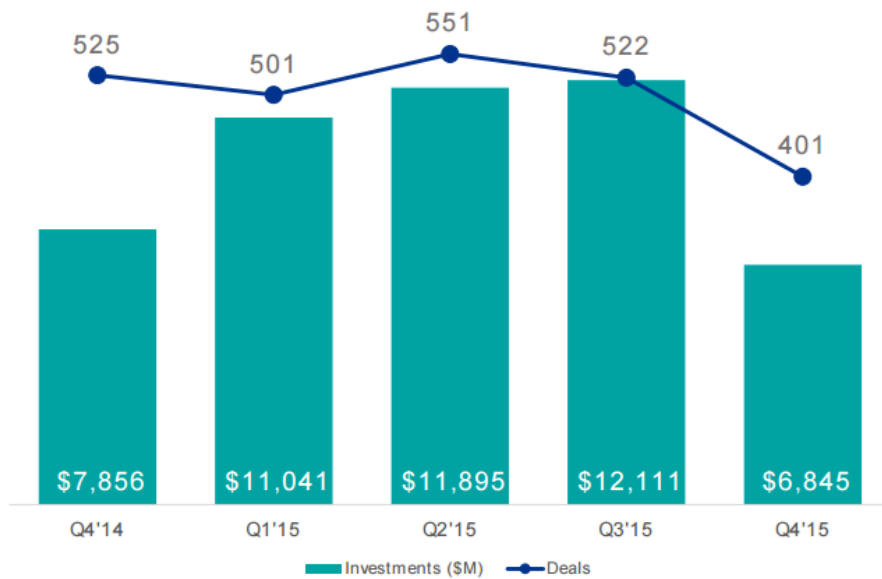
Source: <https://www.cbinsights.com/research/venture-capital-2015>

NEW YORK VS. CALIFORNIA

With about 5X the investment dollars, Cali is still king.

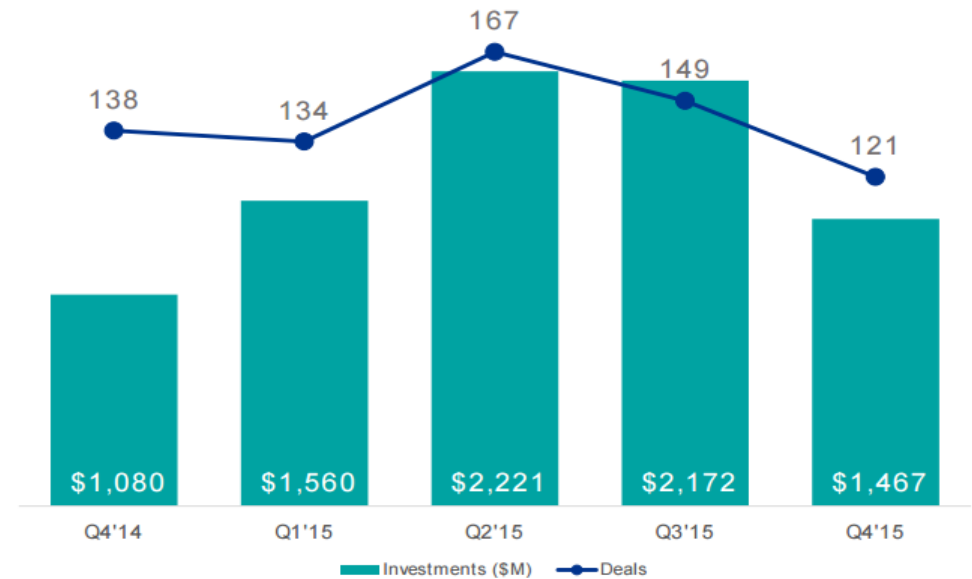
California Investment Activity

VC-Backed Companies, Q4'14 – Q4'15



New York Investment Activity

VC-Backed Companies, Q4'14 – Q4'15



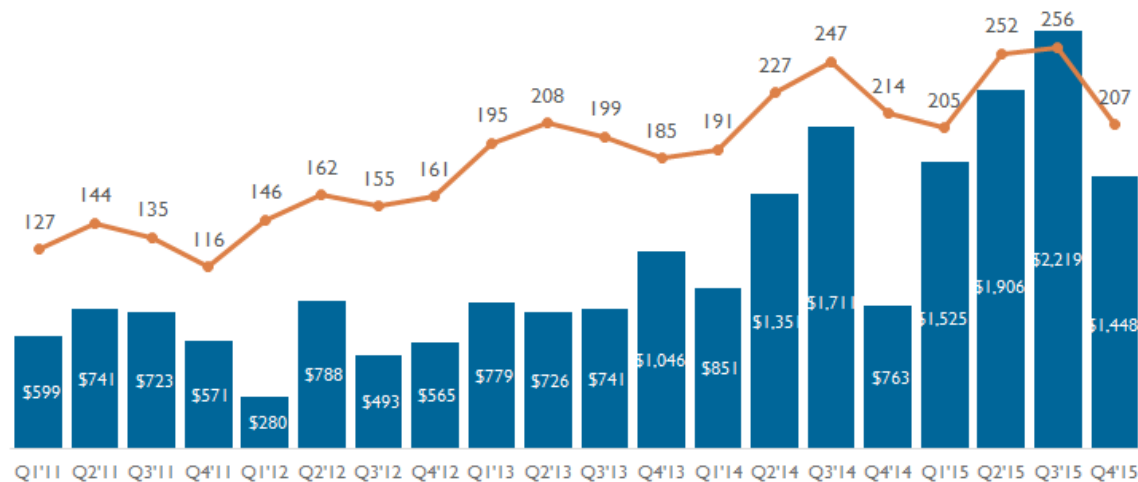
Source: <https://www.cbinsights.com/research/venture-capital-2015>

NYC TRENDS

NY TECH FUNDING UP OVERALL, FELL IN Q4'15

New York-based VC-backed tech companies received more than \$1B in funding in 6 of the last 7 quarters. But the 2015 results were largely driven by outstanding quarters in Q2'15 and Q3'15. The spike in Q3'15 is partially attributable to three \$100M+ mega-deals, including a \$275M Series E in FanDuel, \$200M corporate minority in BuzzFeed, and \$130M Series D in ZocDoc.

New York Tech Financing History: VC-Backed Deals And Dollars
Q1'11 - Q4'15



■ Dollars (\$M) — Deals

www.cbinsights.com

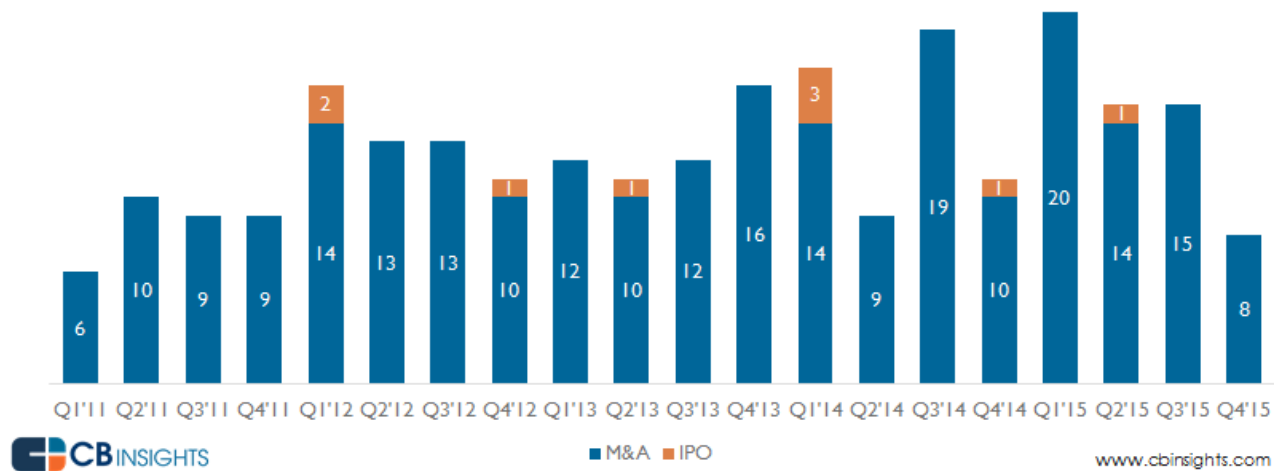
Source: <https://www.cbinsights.com/blog/ny-tech-funding-exits-history/>



NY TECH EXITS SLOW DOWN

New York tech exit activity trended sharply downwards through Q4'15, with just 8 VC-backed exits realized, the lowest total for quarterly exits since at least Q1'11. Q4'15 exits are down almost half when compared to Q3'15, which had 15 exits.

New York VC-Backed Tech Exits
Q1'11 - Q3'15

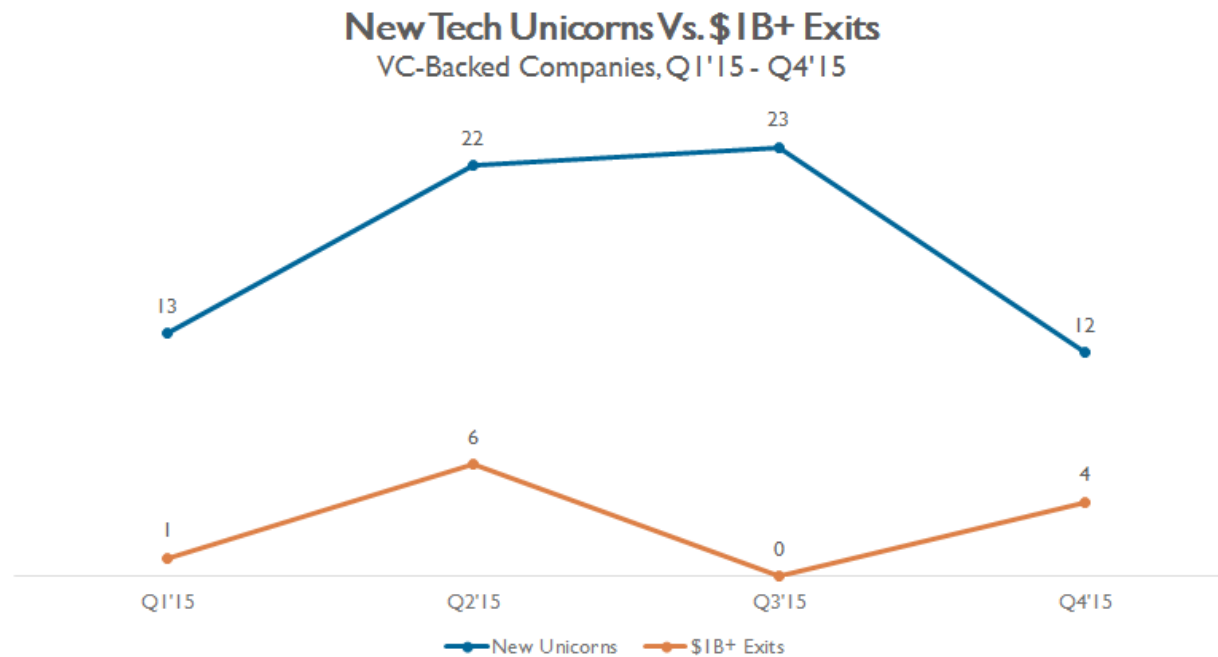


Source: <https://www.cbinsights.com/blog/ny-tech-funding-exits-history/>

UNICORNS, EXITS, AND MEGAROUNDS (OH MY!)

THERE WERE 11 'UNICORN EXITS' LAST YEAR. THE YEAR SAW 70 PRIVATE UNICORNS BIRTHED

After being shut out in Q3'15, Q4 recovered with four \$1B+ exits, i.e., "unicorn" exits. But as we've seen for a while, it remained a lot easier to raise at a billion dollar valuation than to exit at one.



Source: <https://www.cbinsights.com/research-tech-exits-acquisitions-2015>

THE TOP 12 VC-BACKED TECH EXITS

The top 6 VC-backed tech exits range from storage to point-of-sale payments. As seen below, 4 out of the 6 top exits were IPOs.



Wearable fitness products

\$4.1 billion

IPO



Classifieds site

\$3.6 billion

Acquisition (58.com)



Enterprise storage

\$3.1 billion

IPO



Point-of-sale payments

\$2.9 billion

IPO



Classifieds site

\$2.7 billion

Corporate Majority (Naspers)



Marketplace for unique goods

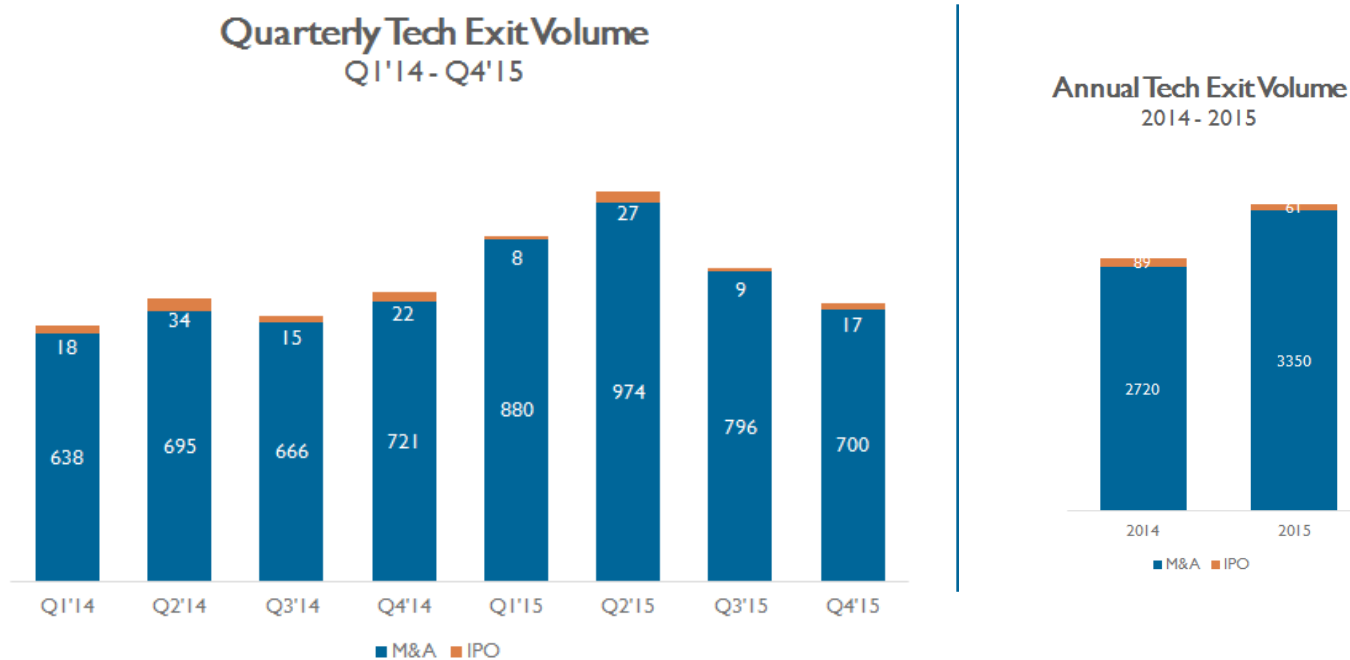
\$1.78 billion

IPO

Source: IPO valuation as of day of IPO

2015 TECH EXITS UP, BUT FINAL HALF OF YEAR WEAKENS

There were over 3400 exits in 2015, a 21% increase from 2014. But exits by quarter are trending downward with just 717 exits in Q4'15 – the lowest quarterly total in 2015.



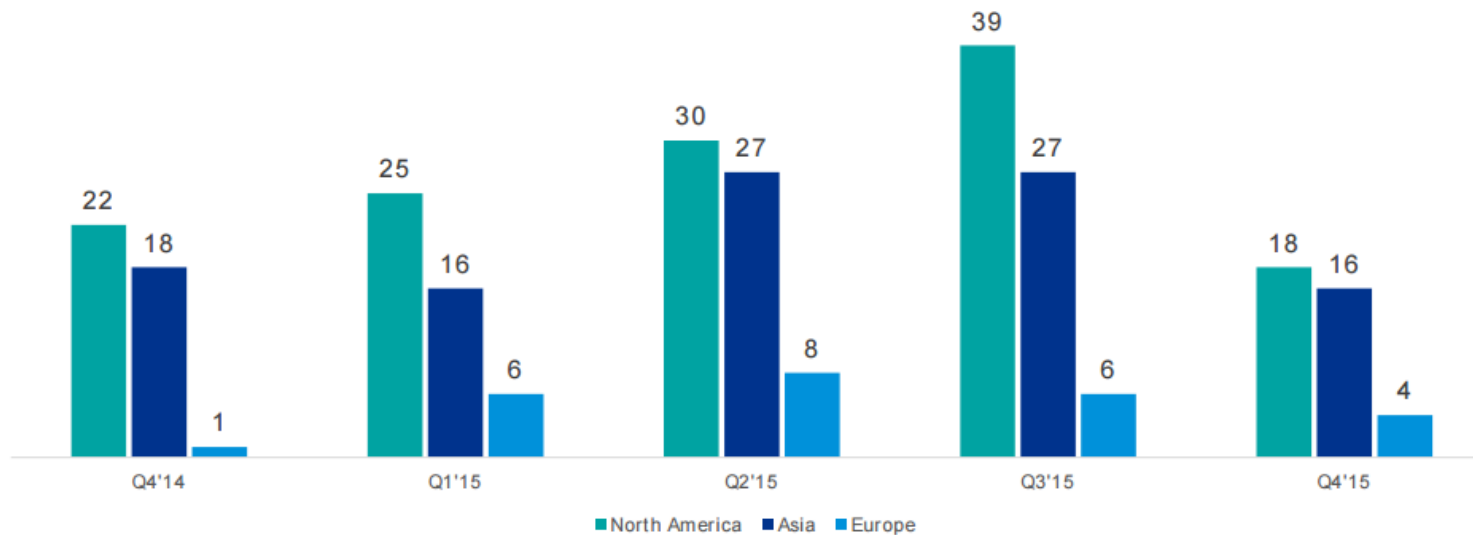
Source: <https://www.cbinsights.com/research/tech-exits-acquisitions-2015>.

MEGAROUNDS CUT IN HALF IN Q4'15

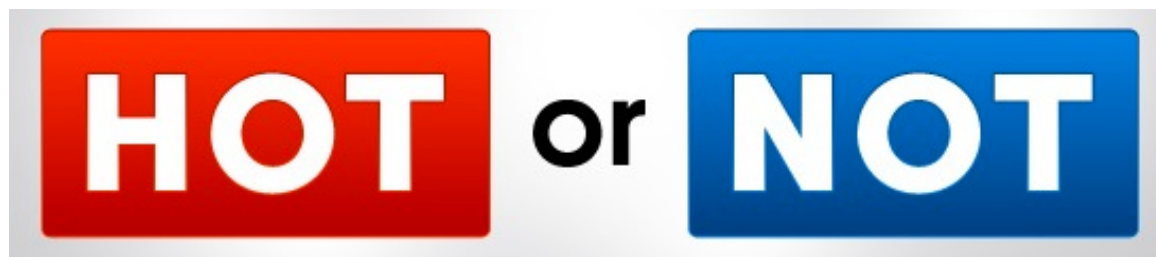
After Q3'15 saw a combined 72 \$100M+ equity financings to VC-backed companies, the mega-round trend cooled in Q4, with just 38 such deals. Both North America and Asia saw a significant decrease in megarounds vs exuberant levels seen in Q3'15.

\$100M+ Financings to VC-Backed Companies

North America vs. Asia vs. Europe, Q4'14 – Q4'15



Source: <https://www.cbinsights.com/research/venture-capital-2015>



INDUSTRY EDITION

(we track hundreds of industries so just a sampling)

NOT

FLASH SALES

Ok. That was an obvious one.

Gilt Groupe gilt.com

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Gilt is an online shopping destination offering its members special access to the most inspiring merchandise and experiences all at insider prices. Gilt opens a window every day to the exceptional as it continually searches the world for the most coveted brands and products, including fashion and accessories for women, men, and children; home decor; and unique activities in select cities and desti... [Show all](#)

13 Investors [All investors data](#)

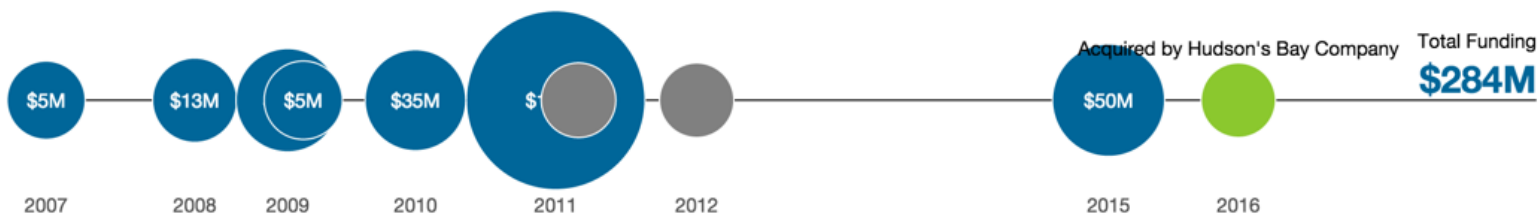
- [DFJ Growth Fund](#)
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- [Matrix Partners](#)

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Company (Acquired)

[Go to Gilt Groupe's investor profile](#)



Source: CB Insights data.

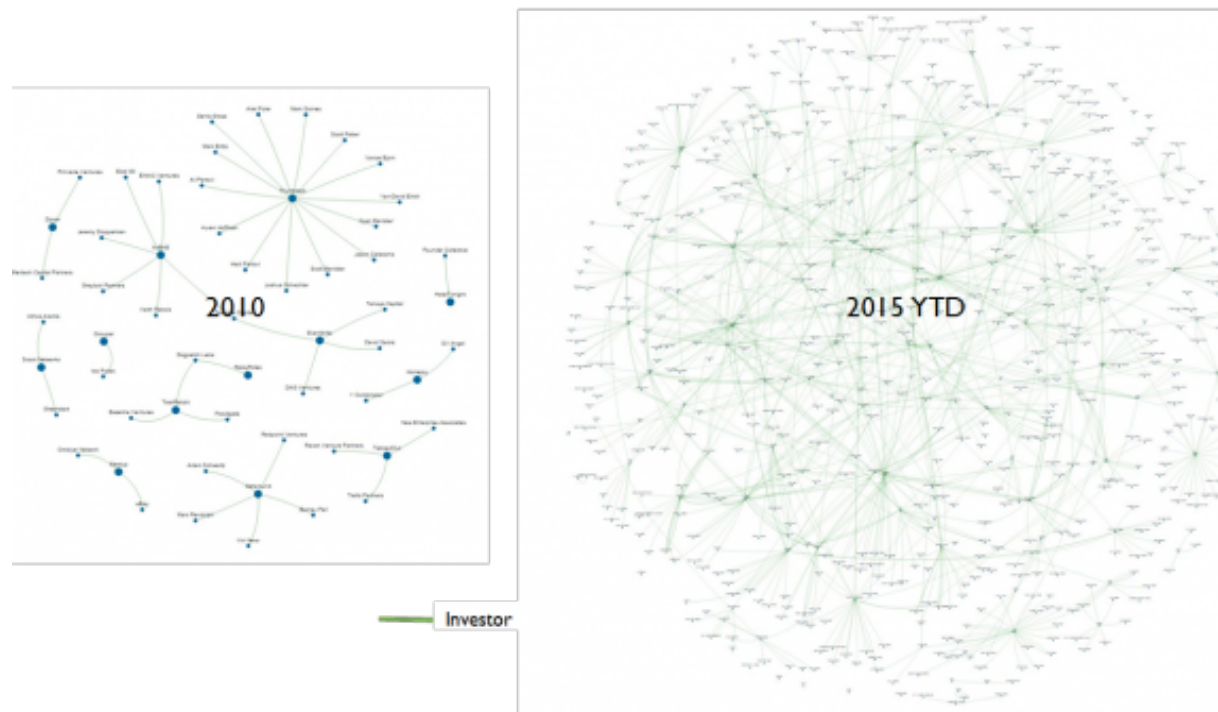


NOT

ON-DEMAND

This was small handful of companies (Uber, Airbnb) which drove up funding totals and a lot of investors jumped in driven by FOMO.

Investors in the On-Demand Economy: Then and Now



Source: <https://www.cbinsights.com/on-demand-overview>

HOT

PROGRAMMATIC COMMERCE

Purchases will be made with data insights (often of the recurring variety). Hardware (IoT) and software (AI) opportunities. The age old “know when I’m out of milk” and order it issue that smart fridges were supposed to solve.

amazon echo

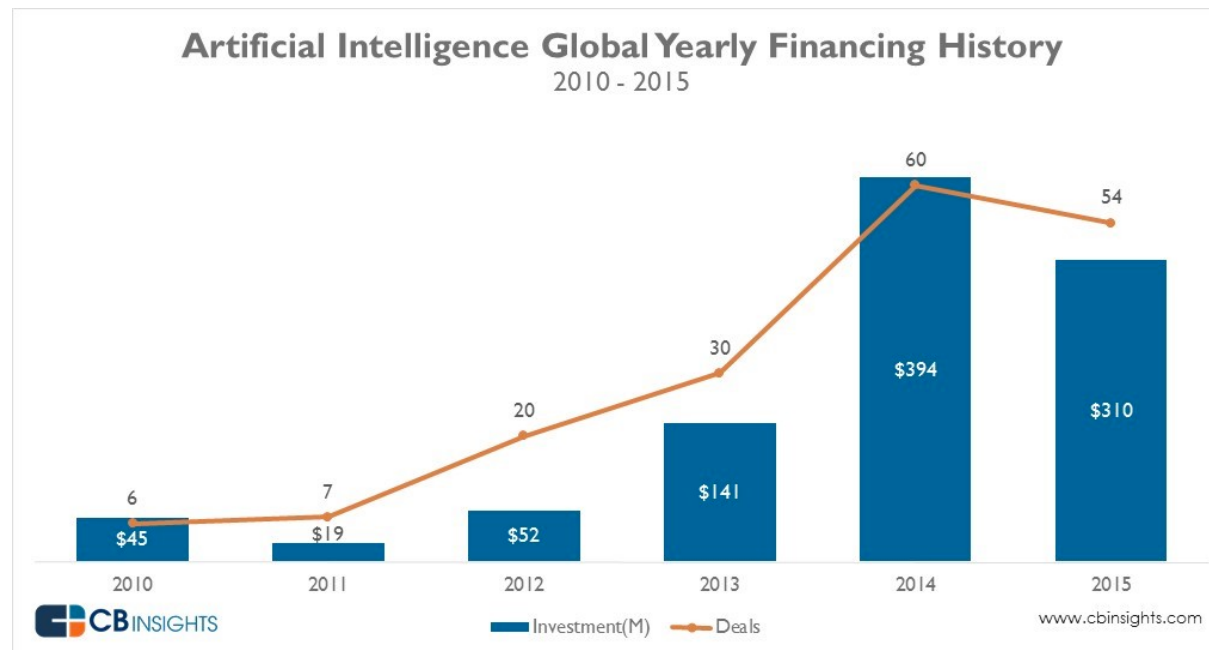


Source: CB Insights data.

HOT

ARTIFICIAL INTELLIGENCE / DEEP LEARNING

Funding and deal activity has jumped. This is a very hot area. Tell your clients to sprinkle some “AI” and “deep learning” into their fundraising pitches ☺ It’s the new Big Data.



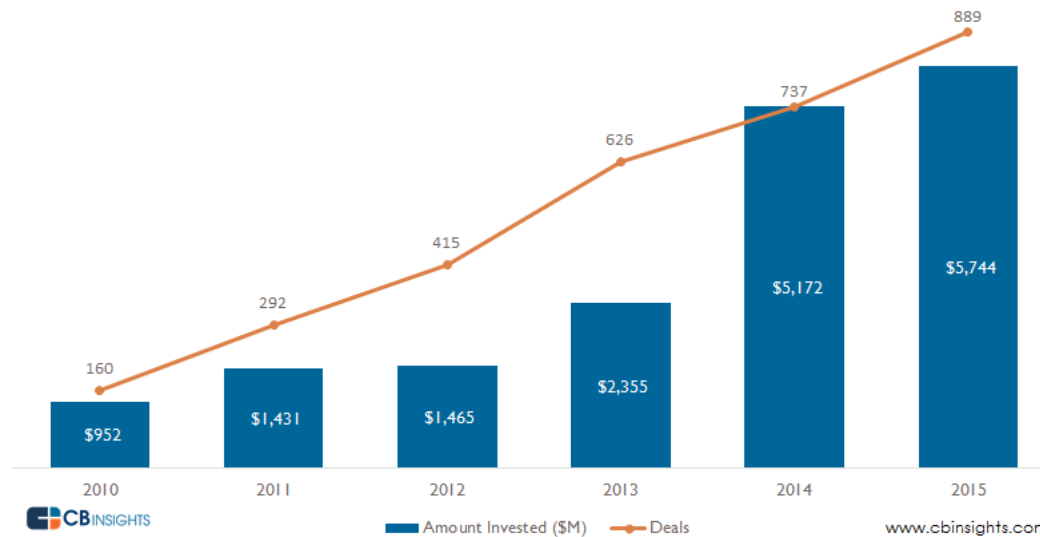
Source: <https://www.cbinsights.com/blog/artificial-intelligence-start-up-funding-trends/>

HOT

DIGITAL HEALTH IS HOT

The digital health industry reached a new investment high in 2015. The past year saw nearly \$5.8B invested, a small increase from the breakout year in 2014 (which itself saw more than double the funding over 2013). However, there was a more significant jump in deals, which saw a 20.6% year-over-year increase and broke the 800-mark for the first time (nearly hitting 900). **We need to see exits.**

Digital Health Funding Trends: Deals and Dollars Invested
2010 - 2015



Source: <https://www.cbinsights.com/blog/digital-health-funding-2015/>

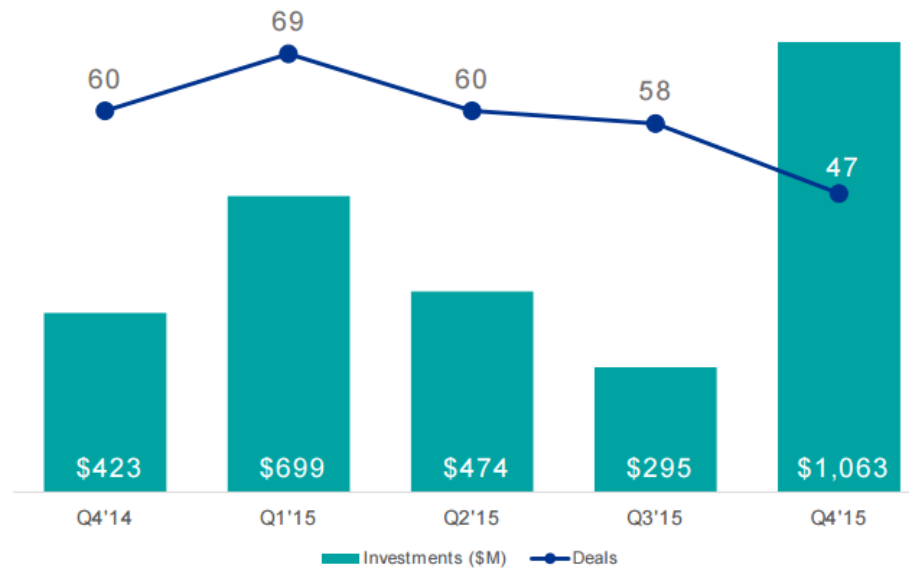
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ED TECH IS MEH

While funding tallies in Ed Tech in Q4 were up big, the deal trend has been declining. Ed tech is a space that is consistently pumped up because of the perceived market size but the exit environment has never been great.

Ed Tech Investment Activity

VC-Backed Companies, Q4'14 – Q4'15



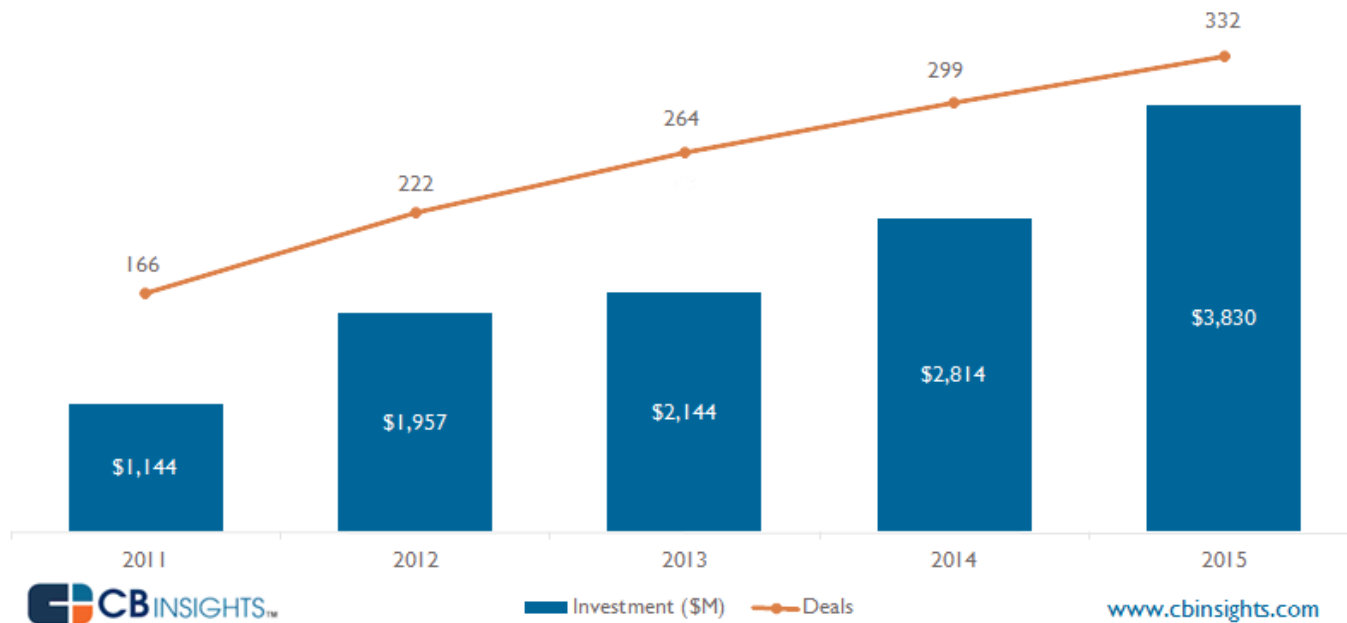
Source: <https://www.cbinsights.com/research/venture-capital-2015>

HOT

CYBERSECURITY ALSO HOT (BUT OVERFUNDED)

In dollar terms, investment has grown from \$1.1B to \$3.8B, which is 235% growth over 5 years. The all-time high funding total in 2015 was bolstered by large rounds to well-funded companies including Tenable Network Security's \$250M Series B and Tanium's \$120M Series G. The challenge here is that this space is probably overfunded by lots of "me too" companies and lemming investors who piled in.

Cybersecurity Global Yearly Funding History
2011 - 2015



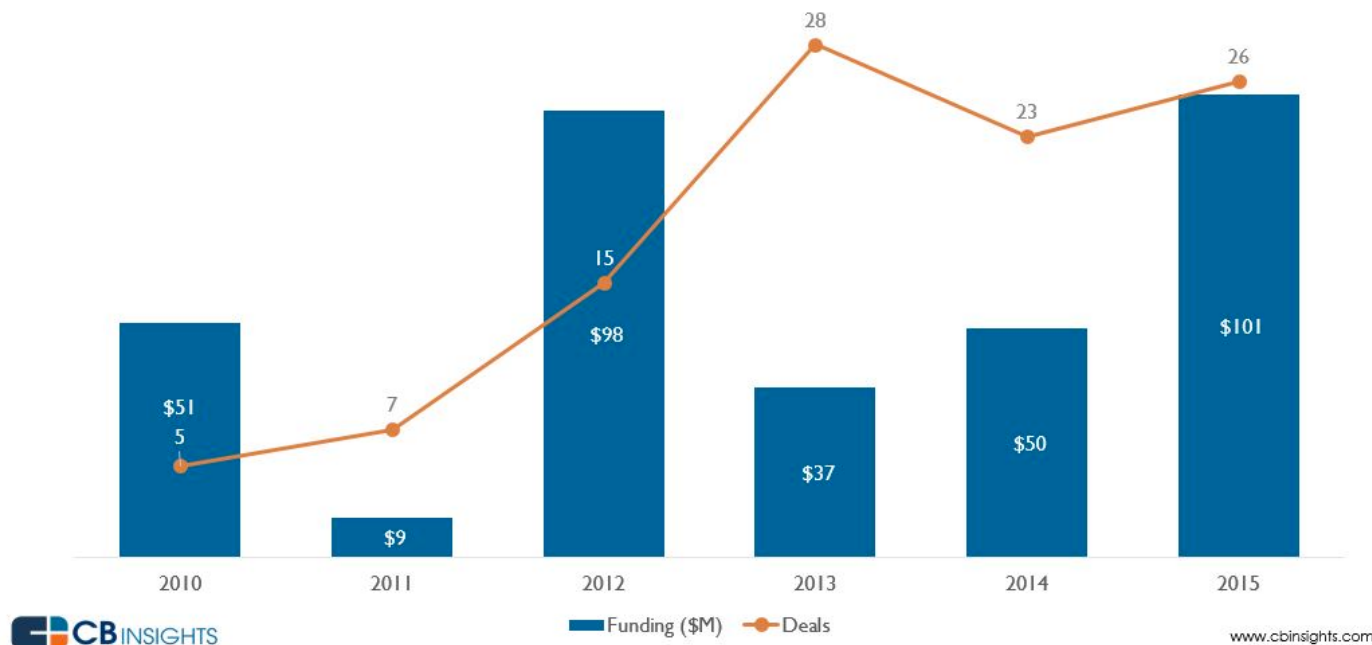
Source: <https://www.cbinsights.com/blog/cybersecurity-funding-2015/>

HOT

“ASSET INTENSIVE”

From oil & gas analytics to mining software to construction tech software (not the fin tech type), a few booming areas. Smart money like Sequoia, Greylock, Bain are all making bets here.

Construction Tech Financing Trend
2010-2015 YTD

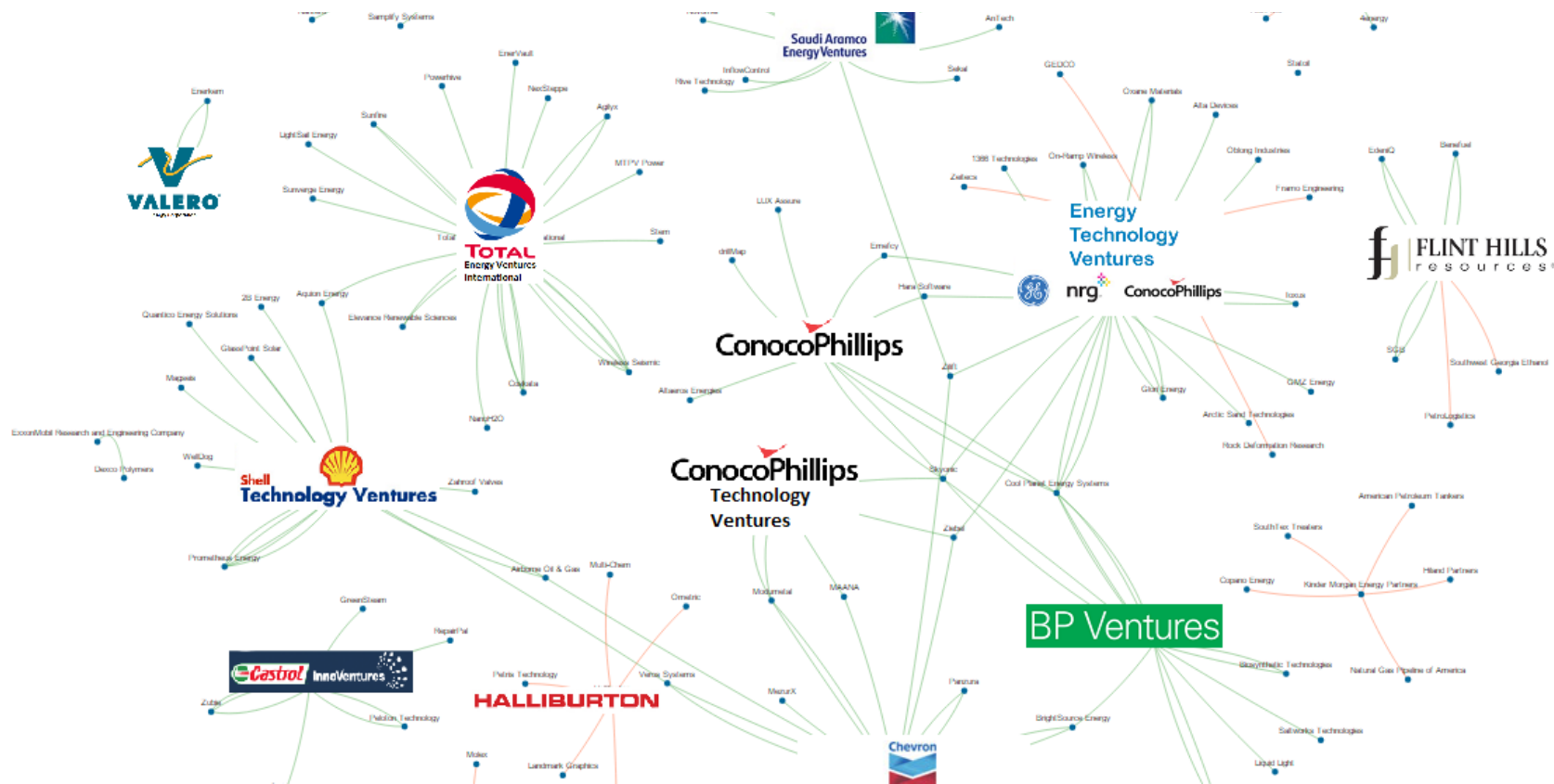


Source: <https://www.cbinsights.com/blog/construction-tech-start-up-funding-trends/>

HOT

OIL & GAS CORPORATES GETTING ACTIVE

Traditional oil & gas players are getting active as well in areas ranging from wearables to big data to even the C word – clean tech.

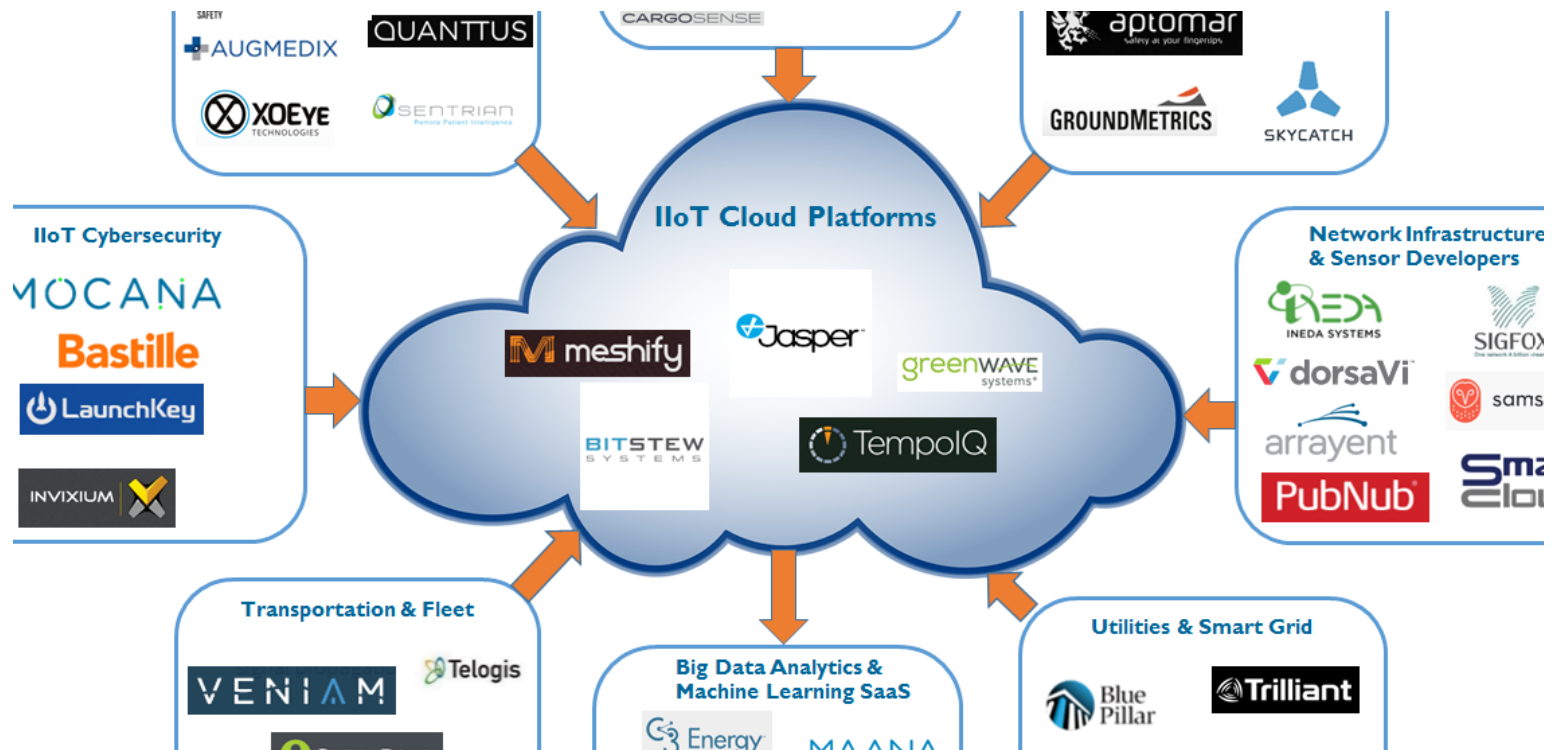


Source: <https://www.cbinsights.com/blog/oil-gas-corporate-investing-startups/>

HOT

INDUSTRIAL IoT

Yes - the Internet of Things still has legs. Industrial applications for supply chains, factory floors and oil fields are gaining steam.



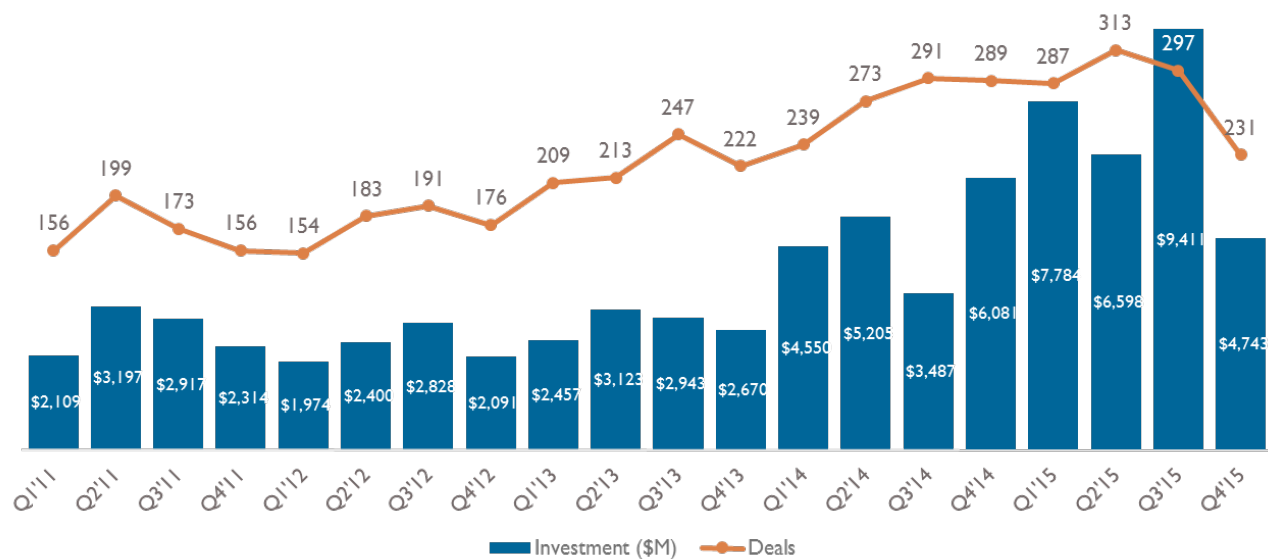
Source: <https://www.cbinsights.com/blog/top-startups-iiot/>

CORPORATE VCs

2015 CORPORATE AND CVC ACTIVITY HITS NEW HIGHS, BUT ENDS ON A WEAK NOTE

2015 saw corporate and corporate VC investors participate in \$28.5B of funding across 1128 deals, topping 2014's record numbers. However, as overall venture activity slowed in Q4'15, corporates pulled back as well, with deal activity dropping to its lowest level since Q4'13.

US Quarterly Corporate & CVC Financing History
Q1'11 - Q4'15

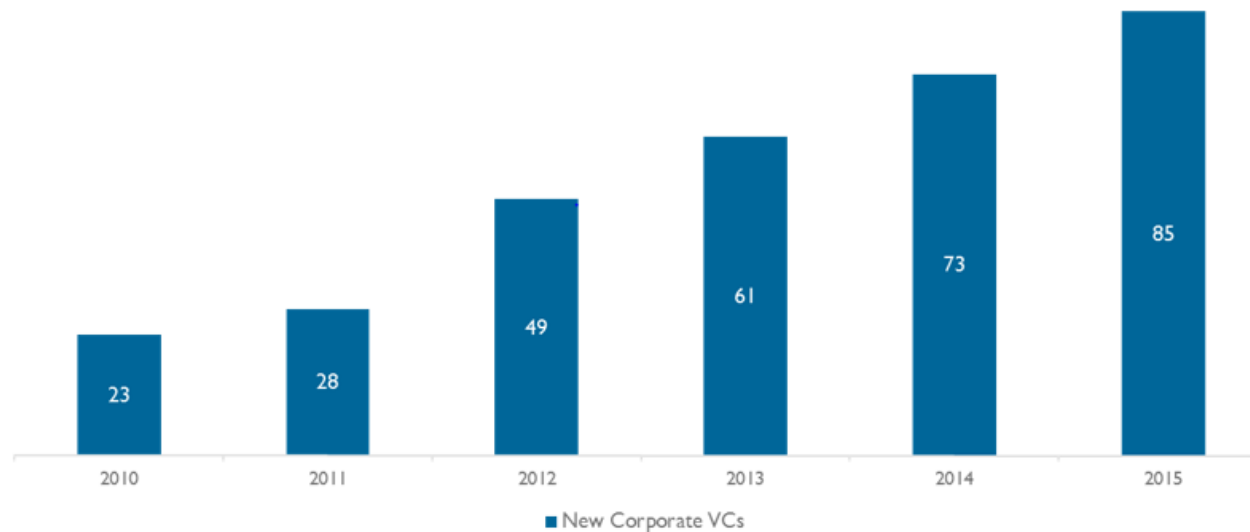


Source: CB Insights data.

2015 SEES RECORD NUMBER OF NEW CORPORATE VC ARMS

85 new corporate VC units globally made their first in investment in 2015, including notable names such as Twitter Ventures and Workday Ventures. This continues a consistently upward trend since 2010.

Number of New Corporate Venture Capital Groups
By Year of First Investment, 2010 - 2015



Source: CB Insights data.

TRACKERS

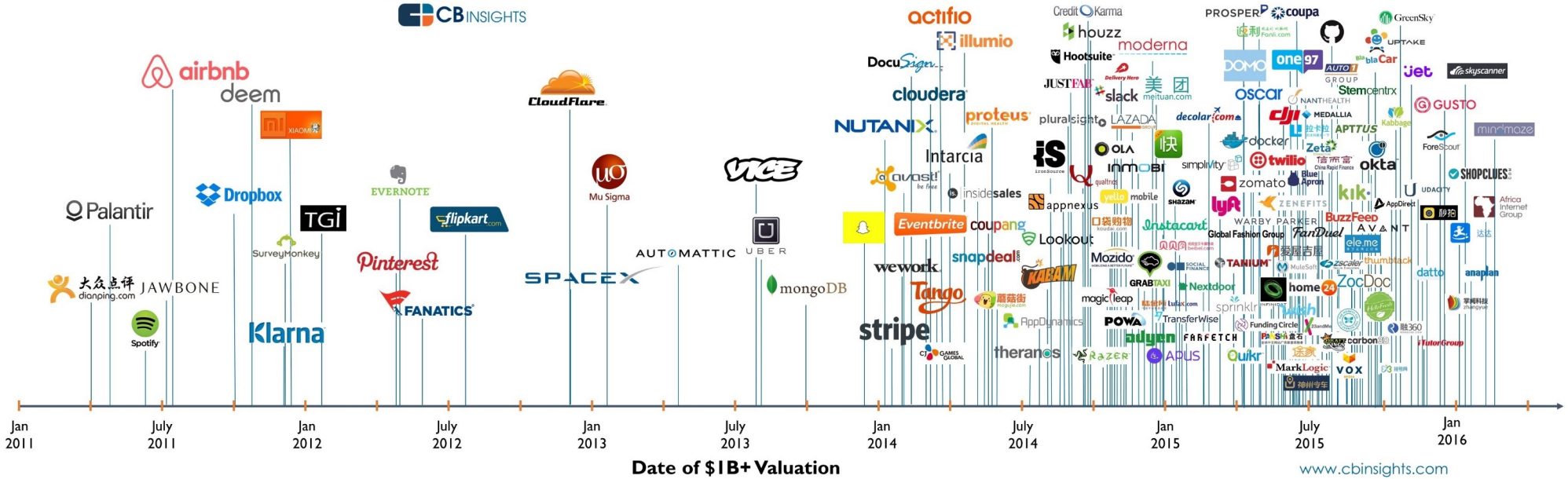
THE UNICORN CLUB

The Increasingly Crowded Unicorn Club

Created by:



Private Unicorns since 2011



Source: <https://www.cbinsights.com/blog/ncr-easingly-crowded-unicorn-club/>

THE UNICORN TRACKER IN 2015...



The Unicorn List: Current Private Companies Valued At \$1B And Above

Updated in
Real Time

Total Number of Unicorn Companies: 152

Total Cumulative Valuation: \$534B

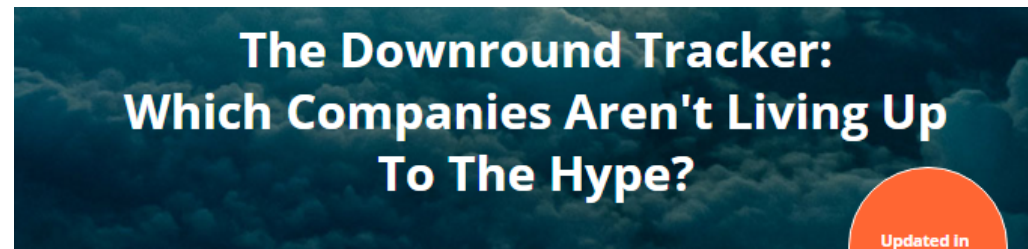
Want to see the companies predicted to become unicorns?

Our list here: <https://www.cbinsights.com/research-future-unicorn-companies>

Get Our Unicorn Research For Free

Company	Valuation (\$B)	Date Joined	Country	Industry	Select Investors
Uber	\$51	8/23/2013	United States	On-Demand	Lowercase Capital, Benchmark Capital, Google Ventures
Xiaomi	\$46	12/21/2011	China	Hardware	Digital Sky Technologies, QiMing Venture Partners, Qualcomm Ventures
Airbnb	\$25.5	7/26/2011	United	eCommerce/Marketplace	General Catalyst Partners, Andreessen

...BEGETS THE DOWNROUND TRACKER IN 2016



Total Number of Downrounds Since 2015: 57

During the dot-com bust, a site called *fed company* tracked the casualties. These are the wounded companies of the unicorn era.

Understand Why Startups Fail

You might also be interested in our real-time tracker of unicorn companies, our compilation of 156 startup failure post-mortems, and the most expensive startup failures of all-time.

Know of a downround not here? Ping us at data@cbinsights.com

Company	Sector	Date	Category	Round Type	Down Valuation (\$M)	Prior Valuation (\$M)	Total Raised (\$M)
Technorati	Internet	2/23/2016	Down Exit (For Less Than Raised)	Acquired	3	n/a	37.9
Powa Technologies	Internet	2/19/2016	Rumored Down Exit from Private Valuation	Acquired	n/a	2700	226.7
Doordash	Internet	2/16/2016	Rumored To Be Raising Down Round	Series C	n/a	600	59.7



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