

PricewaterhouseCoopers
National Venture Capital Association

MoneyTree™ Report

Q1 2016

Data provided by Thomson Reuters

Technology Institute

April 2016

The Q1 2016 MoneyTree™ results are in! This special report provides summary results for Q1 2016, Q4 2015 and Q1 2015. More detailed results can be found on the MoneyTree™ Report website at www.pwcmoneytree.com



Total equity investments into venture-backed companies

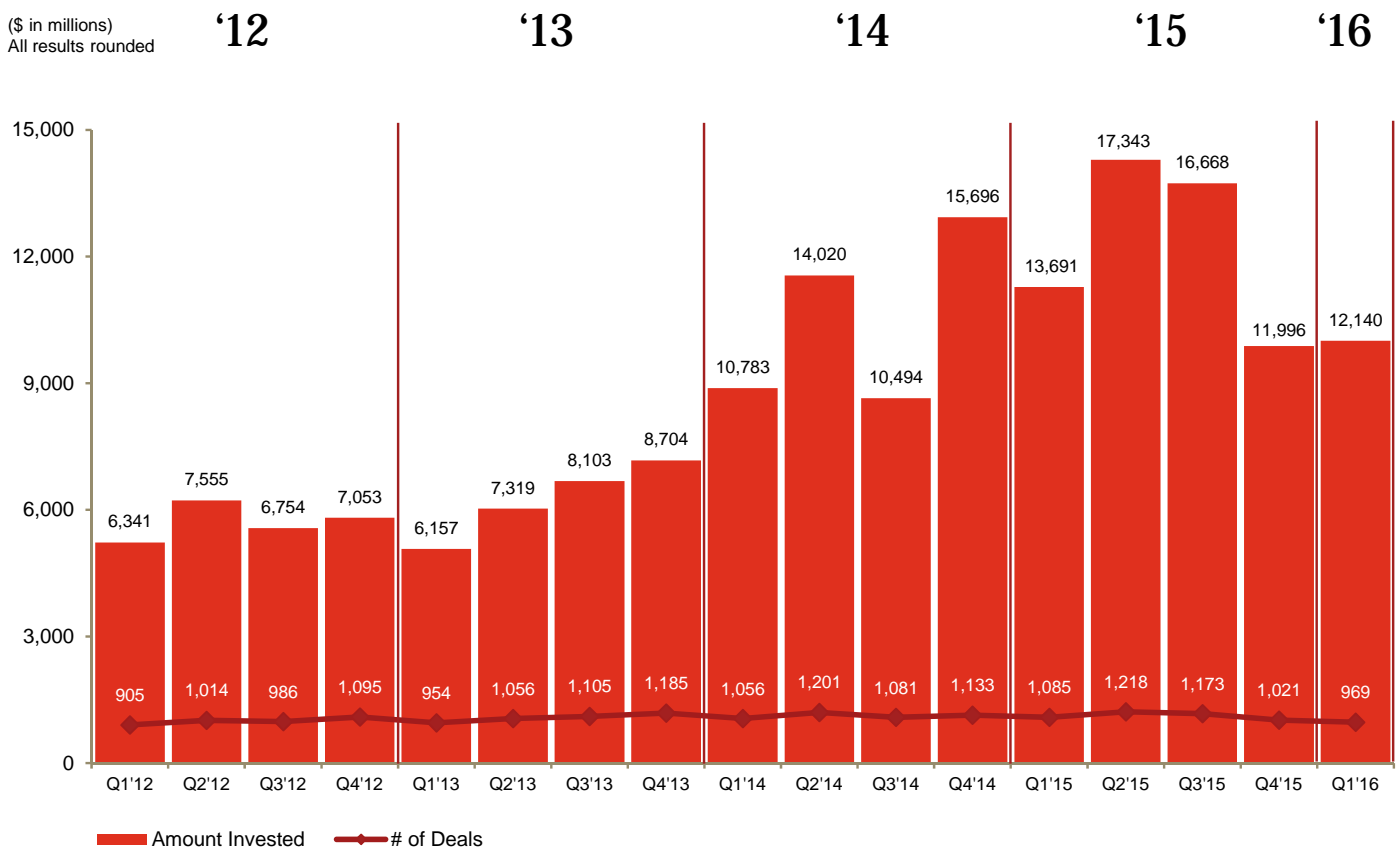
Venture capitalists invested \$12.1 billion in 969 deals in the first quarter of 2016, according to the MoneyTree™ Report from PricewaterhouseCoopers LLP (PwC) and the National Venture Capital Association (NVCA), based on data provided by Thomson Reuters. Total venture dollars deployed to startup companies for the quarter remained flat and total deal count was down 5 percent, compared with the fourth quarter when \$12.0 billion was invested in 1,021 deals. Compared with Q1 2015, dollars and deals are both down 11 percent. This is the ninth consecutive quarter of more than \$10 billion in venture capital invested in a single quarter.

The top 10 deals accounted for 25 percent of total dollars invested in the first quarter, up from 18 percent of total venture capital deployed during the fourth quarter. Compared to the fourth quarter, the first quarter's top 10 deals came from a diverse range of industries, though it also saw investments in categories not featured last quarter—Computers and Peripherals and Industrial/Energy.

“The first quarter appears to tell us that investors still have faith in the venture ecosystem. However, the increase in expansion and later stage financing, combined with the drop in first-time financing, suggests a shift towards relatively mature startups.”

Tom Ciccolella
Venture Capital and Private Equity
Assurance Partner

(\$ in millions)
All results rounded



Investments by industry

Q1 2016, Q4 2015, and Q1 2015

The Software industry continues to receive the highest level of funding of all industries, receiving \$5.1 billion going into 376 deals for the quarter, a 12 percent increase in dollars and a 5 percent decrease in deals versus the fourth quarter of 2015. Half of the top 10 megadeals (investments of \$100m or more) were in the Software industry.

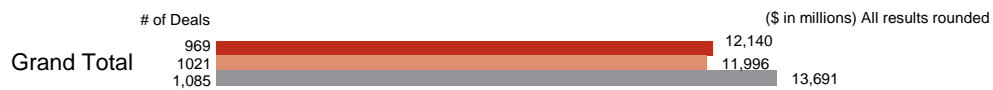
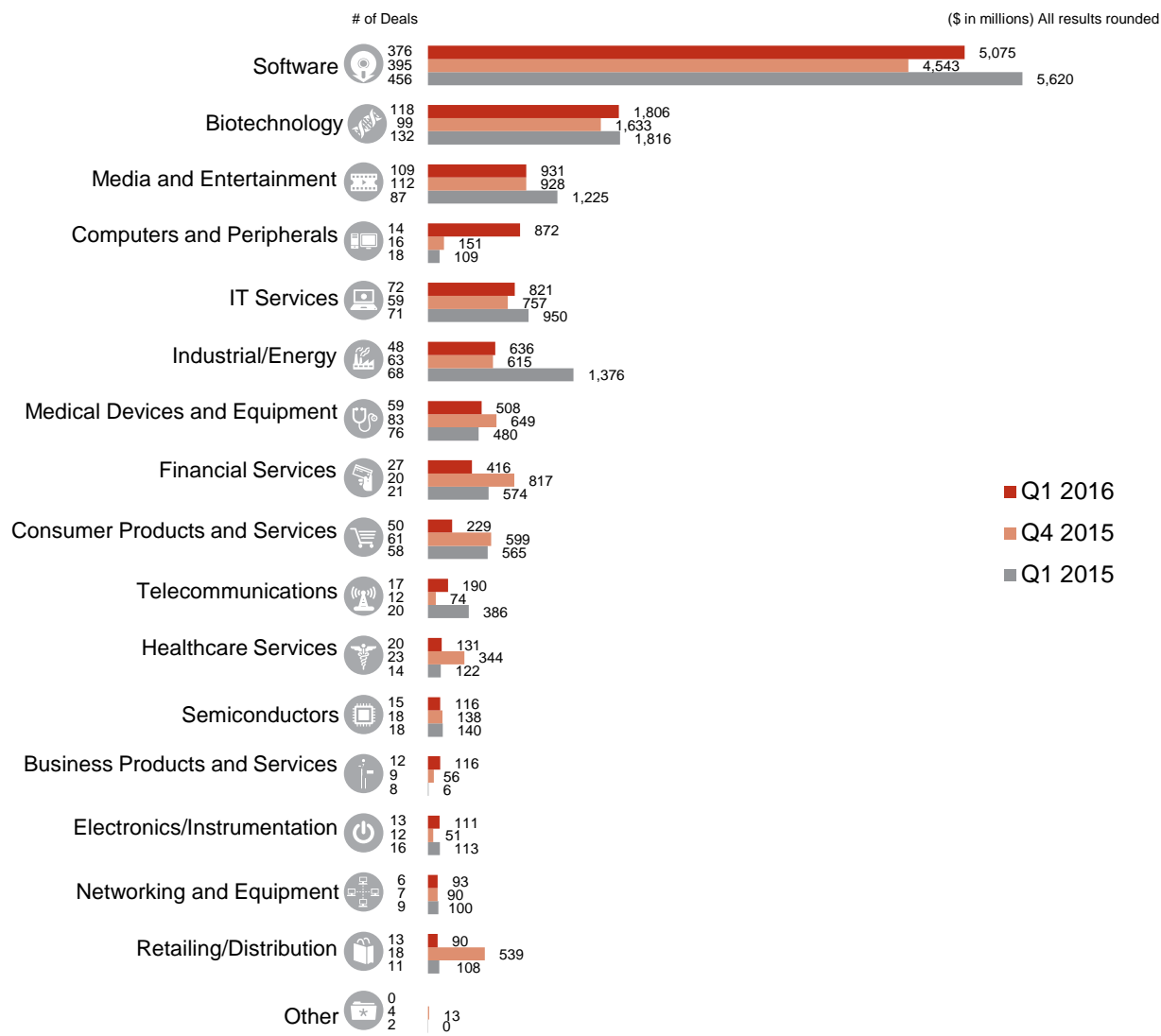
The Biotechnology industry received the second largest amount of venture capital for the quarter, with \$1.8 billion going into 118 deals, representing an 11 percent increase in dollars and a 19 percent increase in deals, compared with the previous quarter. Investments in the Life Sciences sector (Biotechnology and Medical Devices combined) during the first quarter accounted for \$2.3 billion going into 177 deals, staying flat in dollars and declining 3 percent in deals. Investments in Life Sciences companies accounted for 19 percent of all venture capital deployed to the startup ecosystem in the first quarter.

Media & Entertainment companies received the third largest amount of venture capital for the quarter with \$930 million deployed across 109 deals. Notably, Computers and Peripherals companies received the

fourth largest amount of venture capital for the quarter with \$871 million deployed across 14 deals, a 477 percent increase in dollars compared to the fourth quarter. The second largest deal of the top 10 megadeals was within the Computers and Peripherals space.

Ten of the 17 MoneyTree industries remained flat or saw increases in dollars invested in the first quarter, including Telecommunications (157 percent increase), Electronics/Instrumentation (118 percent increase), and Business Products and Services (107 percent increase).

Venture capitalists invested \$2.4 billion into 232 Internet-Specific companies during the first quarter of 2016, dropping 24 percent in dollars and 4 percent in deal count, compared with the fourth quarter of 2015 when \$3.1 billion went into 242 deals. "Internet-Specific" is a discrete classification assigned to a company with a business model that is fundamentally dependent on the Internet, regardless of the company's primary industry category.



Definitions of the Industry categories can be found on the MoneyTree™ website at www.pwcmoneytree.com

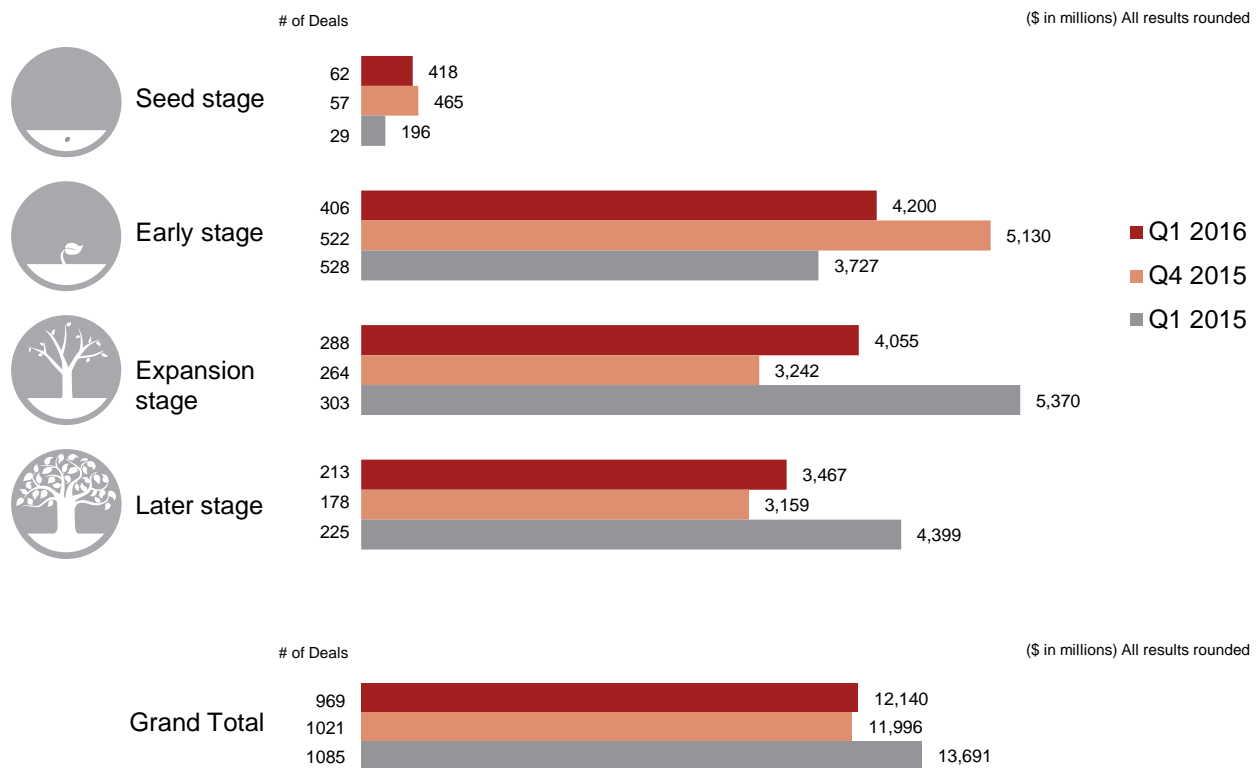
Investments by stage of development

Q1 2016, Q4 2015, and Q1 2015

Dollars invested in Seed stage companies declined 10 percent during the first quarter, totaling \$418 million in 62 deals and representing only 3 percent of all venture investment dollars for the quarter and 6 percent of all deals. Early stage investment declined 18 percent in dollars and 22 percent in deals with \$4.2 billion going into 406 deals. Seed/Early stage deals accounted for 48 percent of total deal volume in the first quarter, compared with 57 percent in the prior quarter. The average Seed stage deal in the first quarter was \$6.7 million, down from \$8.2 million in the fourth quarter. The average Early stage deal in the first quarter was \$10.3 million, up from \$9.8 million in the prior quarter.

Expansion stage investment was up 25 percent in dollars and 9 percent in deals for the quarter, at \$4.1 billion and 288, respectively, from the previous quarter. Expansion stage deals accounted for 30 percent of all venture deals in the first quarter. The average Expansion stage deal was \$14.1 million, up from \$12.3 million in the fourth quarter.

Investments in Later stage companies increased 10 percent to \$3.5 billion going into 213 deals in the first quarter. Later stage deals accounted for 22 percent of total deal volume for the quarter and increased 20 percent in deals. The average Later stage deal in the first quarter was \$16.3 million, down from \$17.7 million in the prior quarter.



Definitions of the Stage of Development categories can be found on the MoneyTree™ website at www.pwcmoneytree.com

Investments by sequence of financing

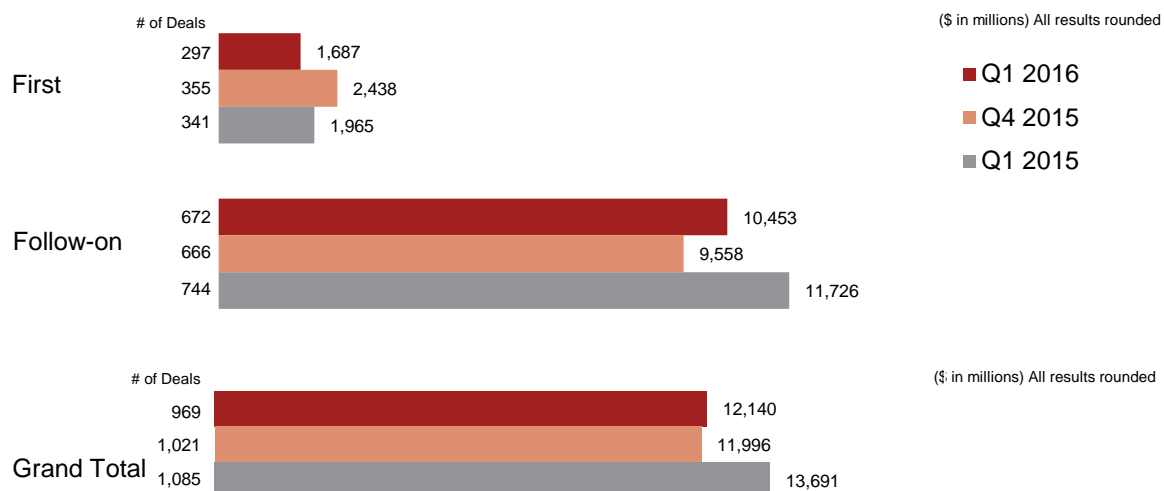
Q1 2016, Q4 2015, and Q1 2015

First-time financing (companies receiving venture capital for the first time) dollars decreased 31 percent to \$1.7 billion in the first quarter as the number of deals declined by 16 percent to 297. First-time financings accounted for 14 percent of all dollars and 31 percent of all deals in the first quarter.

Of the companies receiving venture capital funding for the first time in the first quarter, Software companies captured the largest share, accounting for 39 percent of

the dollars and 41 percent of the deals with \$666 million going into 121 deals. First-time funding in the Life Sciences sector during the first quarter was down 29 percent in dollars and 37 percent in deals, dropping to \$404 million going into 33 deals.

The average value of first-time deals in the first quarter was \$5.7 million, down from \$6.9 million in the prior quarter.



Definitions of the Financing Sequence categories can be found on the MoneyTree™ website at www.pwcmoneytree.com

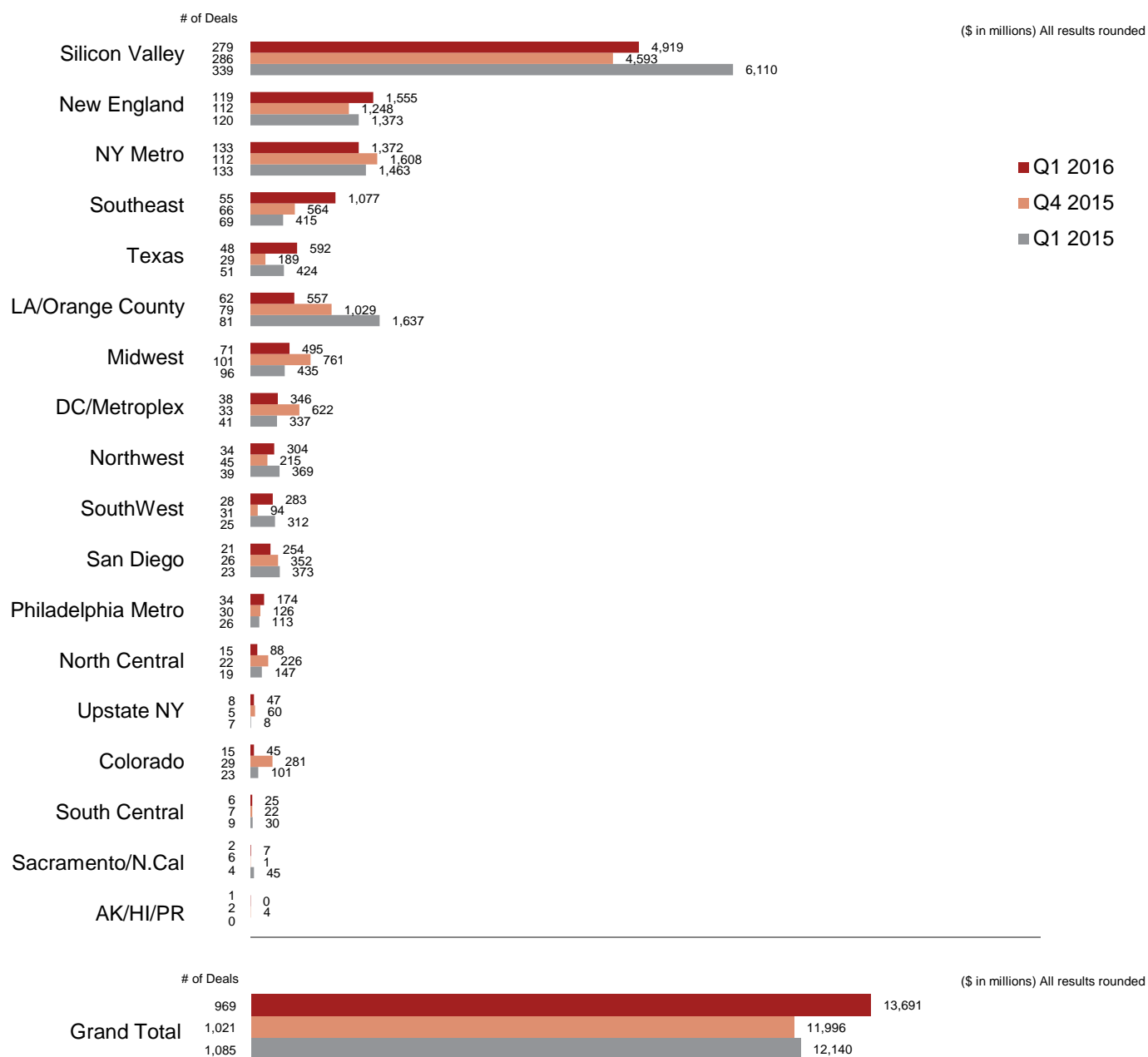
Investments by region

Q1 2016, Q4 2015, and Q1 2015

Silicon Valley received the highest level of funding of all regions in the first quarter of 2016, increasing by 7 percent in dollars and decreasing 2 percent in number of deals, with \$4.9 billion going into 279 deals. New England received the second highest level of funding with \$1.5 billion going into 119 deals, rising 25 percent in dollars from last quarter and 6 percent in number of

deals. New York Metro investments came in third, with a decrease of 15 percent in terms of dollars and increasing 19 percent in number of deals with \$1.4 billion going into 133 deals.

Nine of the 18 MoneyTree™ regions experienced increases in dollars invested in the first quarter.



Definitions of the Region categories can be found on the MoneyTree™ website at www.pwcmoneytree.com

Most active venture investors

Q1 2016

New Enterprise Associates, Inc. had the most deals in the first quarter of 2016, with a total of 23 deals. Kleiner Perkins Caufield & Byers LLC was a close second with 20 deals and First Round Capital followed right behind with 17 deals.

Most active venture investors are those investors who participated in 9 or more deals in the first quarter of 2016.

Firm	City	# of Deals
New Enterprise Associates, Inc.	CA, Menlo Park	23
Kleiner Perkins Caufield & Byers LLC	CA, Menlo Park	20
First Round Capital	PA, Philadelphia	17
DreamIt Ventures	PA, Philadelphia	14
Canaan Partners	CA, Menlo Park	14
Lightspeed Management Company LLC	CA, Menlo Park	13
Polaris Venture Partners	MA, Waltham	13
True Ventures	CA, Palo Alto	12
GE Ventures	CA, Menlo Park	11
Wavemaker Partners	CA, Santa Monica	11
Khosla Ventures LLC	CA, Menlo Park	10
Menlo Ventures	CA, Menlo Park	9
Upfront Ventures	CA, Los Angeles	9
Andreessen Horowitz LLC	CA, Menlo Park	9
Google Ventures	CA, Mountain View	9
Intel Capital Corp	CA, Santa Clara	9
Bessemer Venture Partners	NY, Larchmont	9

PwC can help

For a deeper discussion on these results, please contact one of our leaders:

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Let's talk

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About PwC's Technology Institute

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