

PricewaterhouseCoopers
National Venture Capital Association

MoneyTree™ Report

Q4 2015/full year 2015 summary

Data provided by Thomson Reuters

Technology Institute

January 2016

The Q4 2015 MoneyTree™ results are in! This special report provides summary results of Q4 2015, as well as findings for full-year 2015. More detailed results can be found on the MoneyTree™ website at www.pwcmoneytree.com



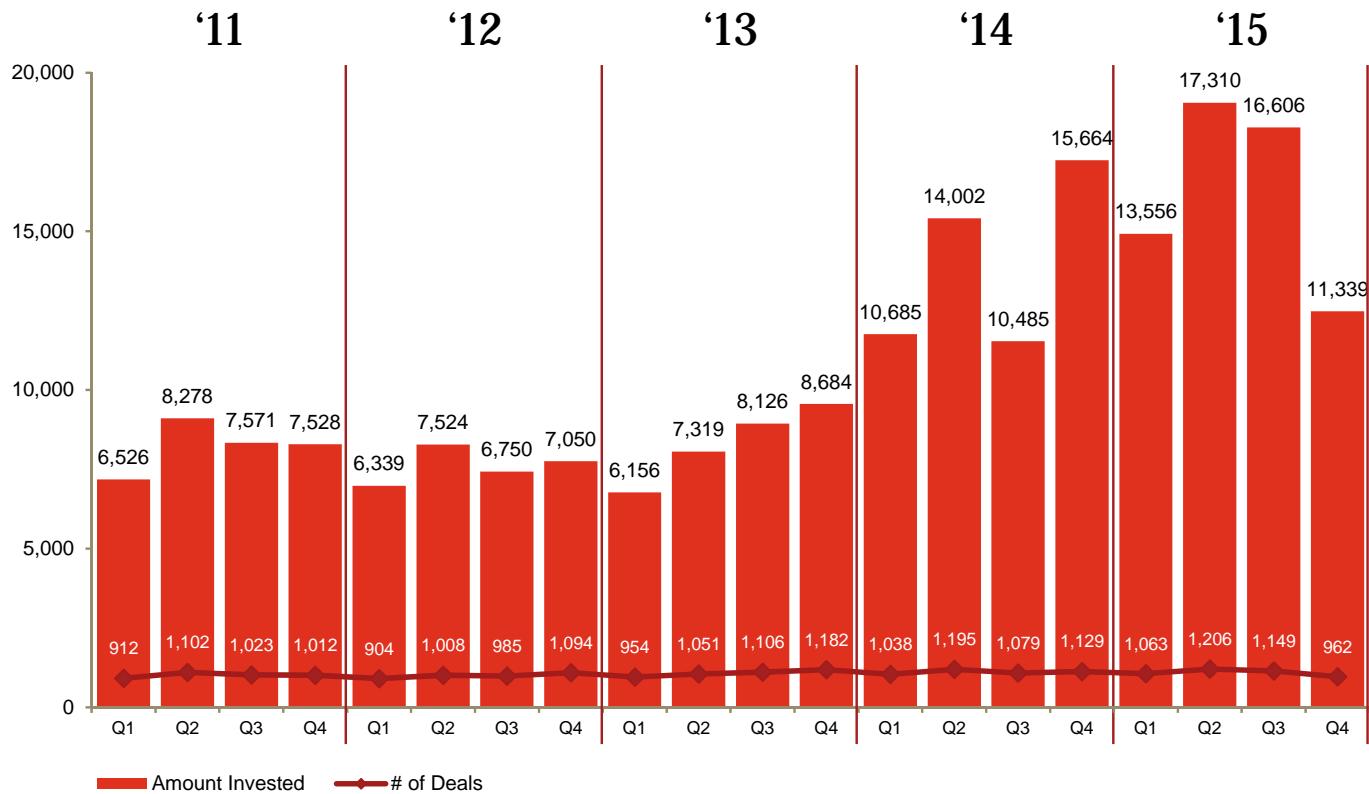
Total equity investments into venture-backed companies

The venture capital ecosystem deployed \$58.8 billion across the United States in 2015, marking the second highest full year total in the last 20 years, according to the MoneyTree™ Report from PricewaterhouseCoopers LLP (PwC) and the National Venture Capital Association (NVCA), based on data provided by Thomson Reuters. For the fourth quarter of 2015, venture capitalists invested \$11.3 billion into 962 deals, down 32 percent in dollars and 16 percent in deals compared with the third quarter when \$16.6 billion was invested in 1,149 deals. The fourth quarter also marks the eighth consecutive quarter of more than \$10 billion of venture capital invested in a single quarter, but also represents the smallest amount invested since the third quarter of 2014.

"The convergence of technology across sectors is becoming increasingly important and has emerged as a common thread as companies with innovative, disruptive technologies and business models continue to catch the eyes of investors. The fourth quarter's largest deals included startups that deploy technologies to challenge incumbents in the financial services, education, and retail and consumer industries. These emerging tech-enabled segments have disrupted traditional industries and should continue to command a larger portion of venture capital dollars in 2016 and beyond."

Tom Ciccolella
Venture Capital and Private Equity
Assurance Partner

(\$ in millions)
All results rounded



Investments by industry

2014 to 2015

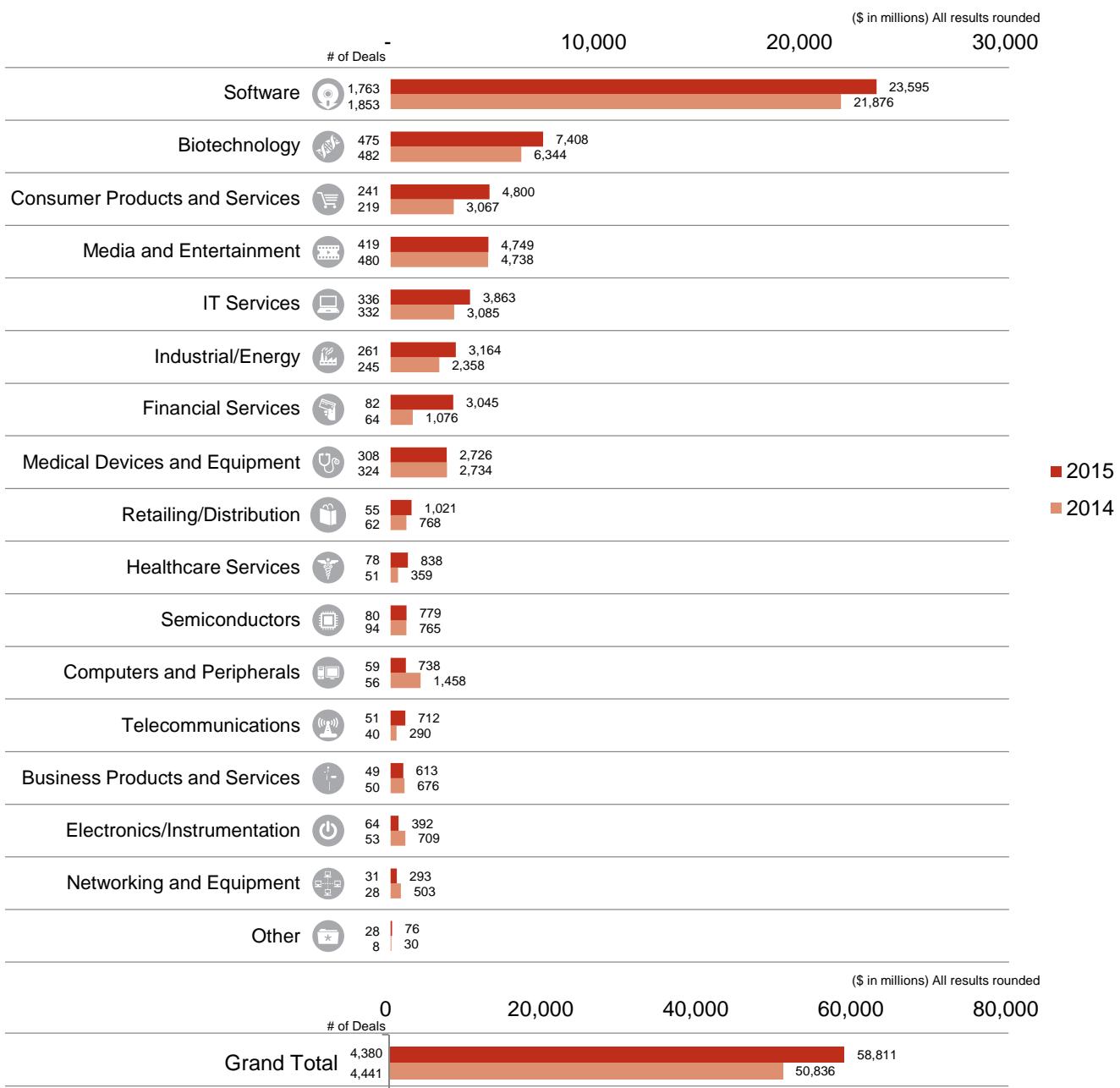
For the full year of 2015, Software was up 8 percent in dollars, but down 5 percent in deals, compared with 2014. Four of the top 10 megadeals in the fourth quarter went to Software companies.

Biotech ended the year up 17 percent in dollars and relatively flat in deals for the full year 2015, compared with the previous year. In 2015, Life Sciences dollars were up 12 percent and deals were down 3 percent, compared with 2014.

For calendar year 2015, Media & Entertainment dollars remained flat, and deals were down 13 percent versus 2014.

Overall in 2015, 12 of the MoneyTree industries increased in dollars invested, compared with 2014, with Financial Services receiving the greatest increase in dollars invested (183 percent increase).

Internet-specific increased 35 percent in dollars and remained flat in deals in 2015, compared with the previous year. “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 industry

Q4 2014, Q3 2015, and Q4 2015

As has been the recent trend, the Software industry continued to receive the highest level of funding of all industries in the fourth quarter, receiving \$4.5 billion going into 369 deals for the quarter, despite being down 24 percent in dollars and 17 percent in deals compared to the third quarter.

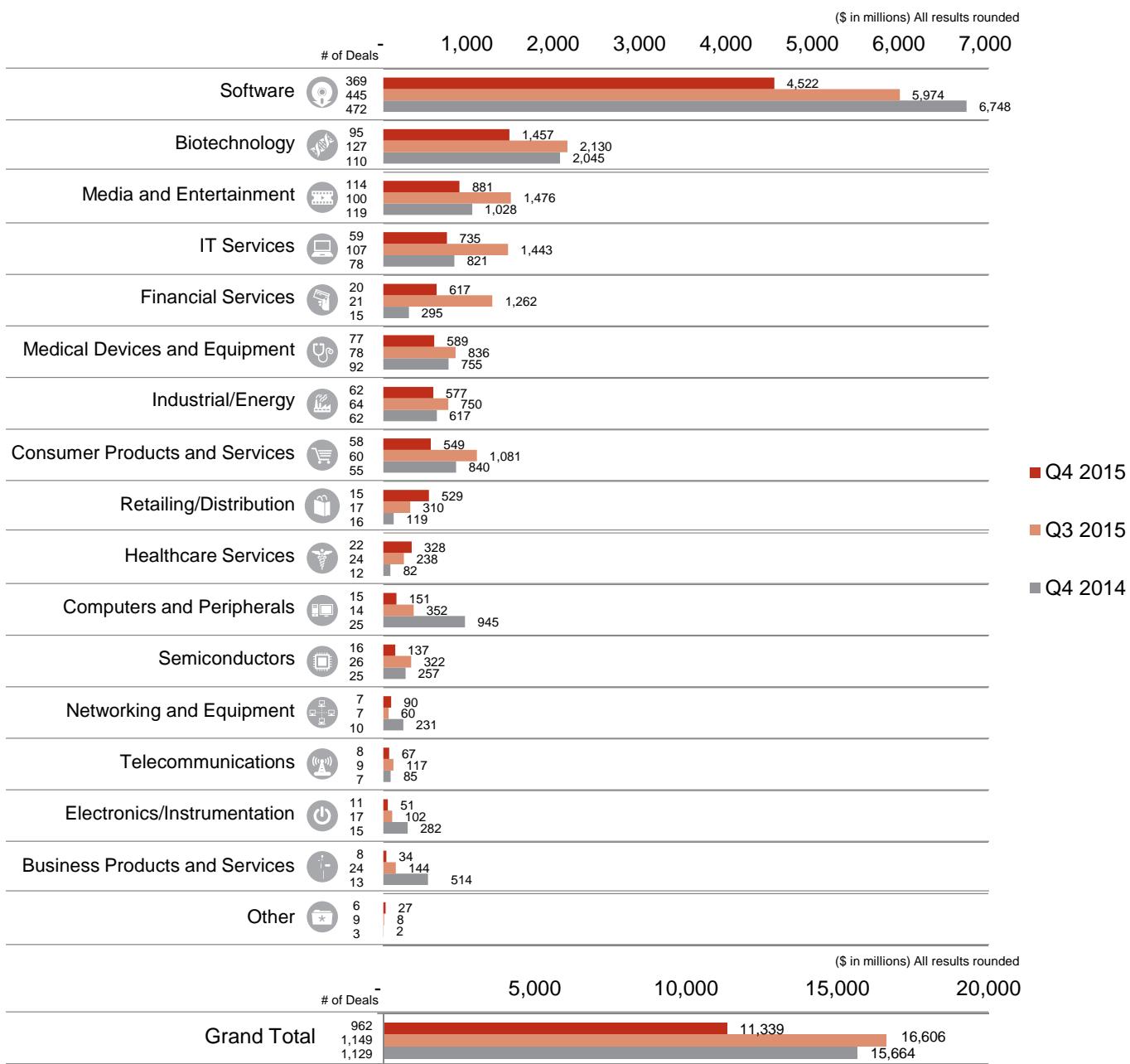
The Biotechnology industry received the second largest amount of venture capital for the quarter, with \$1.5 billion going into 95 deals. Dollars invested declined 32 percent and the number of deals declined 25 percent compared with the third quarter. Despite ranking second in terms of dollars invested, Biotech did not secure any of the Top 10 deals.

Investments in the Life Sciences sector (Biotechnology and Medical Devices combined) during the fourth quarter accounted for \$2 billion going into 172 deals, declining 31 percent in dollars and 16 percent in deals, compared with the third quarter. Like in the previous quarter, Life Sciences investments accounted for 18 percent of all venture capital deployed to the startup ecosystem in the fourth quarter.

Media & Entertainment companies received the third largest amount of venture capital for the quarter with \$881 million deployed across 114 deals, which is a 40 percent decrease in dollars compared to the third quarter, despite a 14 percent increase in number of deals. Additionally, only one of the top 10 megadeals was within the Media & Entertainment space in the fourth quarter.

Thirteen of the 17 MoneyTree industries experienced decreases in dollars invested in the fourth quarter, most notably Business Products & Services (77 percent decrease), Semiconductors (58 percent decrease) and Computers and Peripherals (57 percent decrease).

Venture capitalists invested \$2.9 billion into 229 Internet-specific deals during the fourth quarter of 2015, a 42 percent decline in dollars and 12 percent decline in deal count, compared to the third quarter of 2015 when \$5 billion went into 261 deals.



Investments by stage of development

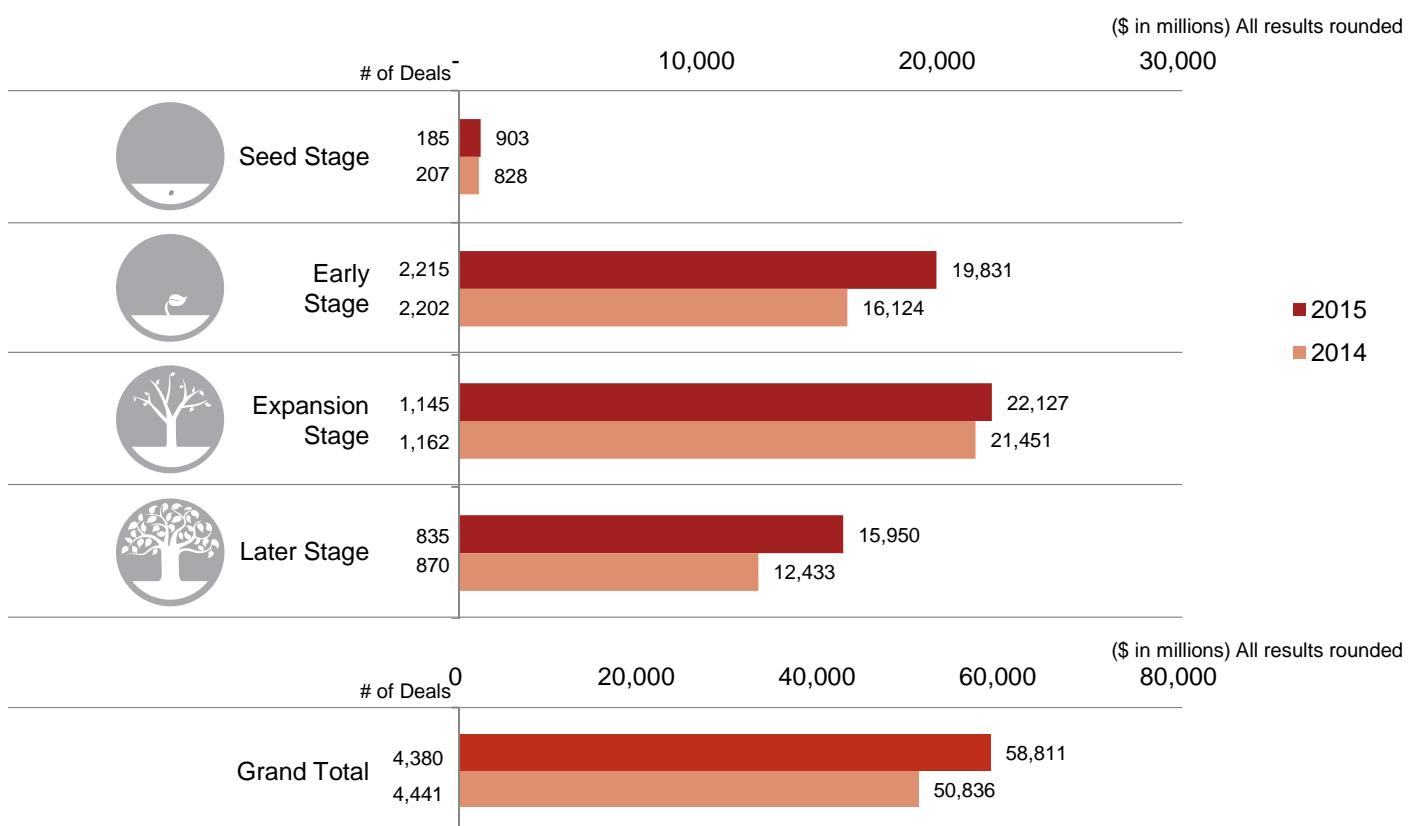
2014 to 2015

Expansion Stage investments captured the most investment dollars in 2015, though only increasing by 3 percent in dollars to \$22.1 billion which flowed into 1,145 deals. Expansion Stage companies attracted 38 percent of dollars and 26 percent of deals in 2015. The average Expansion Stage deal in 2015 was \$19.3 million.

Investments in Early Stage companies accounted for the most deals during 2015 with 2,215 deals capturing \$19.8 billion. While the number of deals remained relatively flat in 2015 compared to the prior year, the dollars invested rose 23 percent over the same time period. Early Stage companies attracted 33 percent of dollars and 51 percent of deals in 2015. The average Early Stage deal in 2015 was \$9 million.

Seed Stage investments increased 9 percent in terms of dollars, but decreased by 11 percent in deals with \$903 million going into 185 companies in 2015. Seed Stage companies attracted 2 percent of dollars and 4 percent of deals in 2015. The average Seed Stage round in 2015 was \$4.9 million.

In 2015, \$16 billion was invested into 835 Later Stage deals, a 28 percent increase in dollars and a 4 percent decrease in deals for the year. Later Stage companies attracted 27 percent of dollars and 19 percent of deals in. The average size of a Later Stage deal in 2015 was \$19.1 million.



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

Investments by stage of development

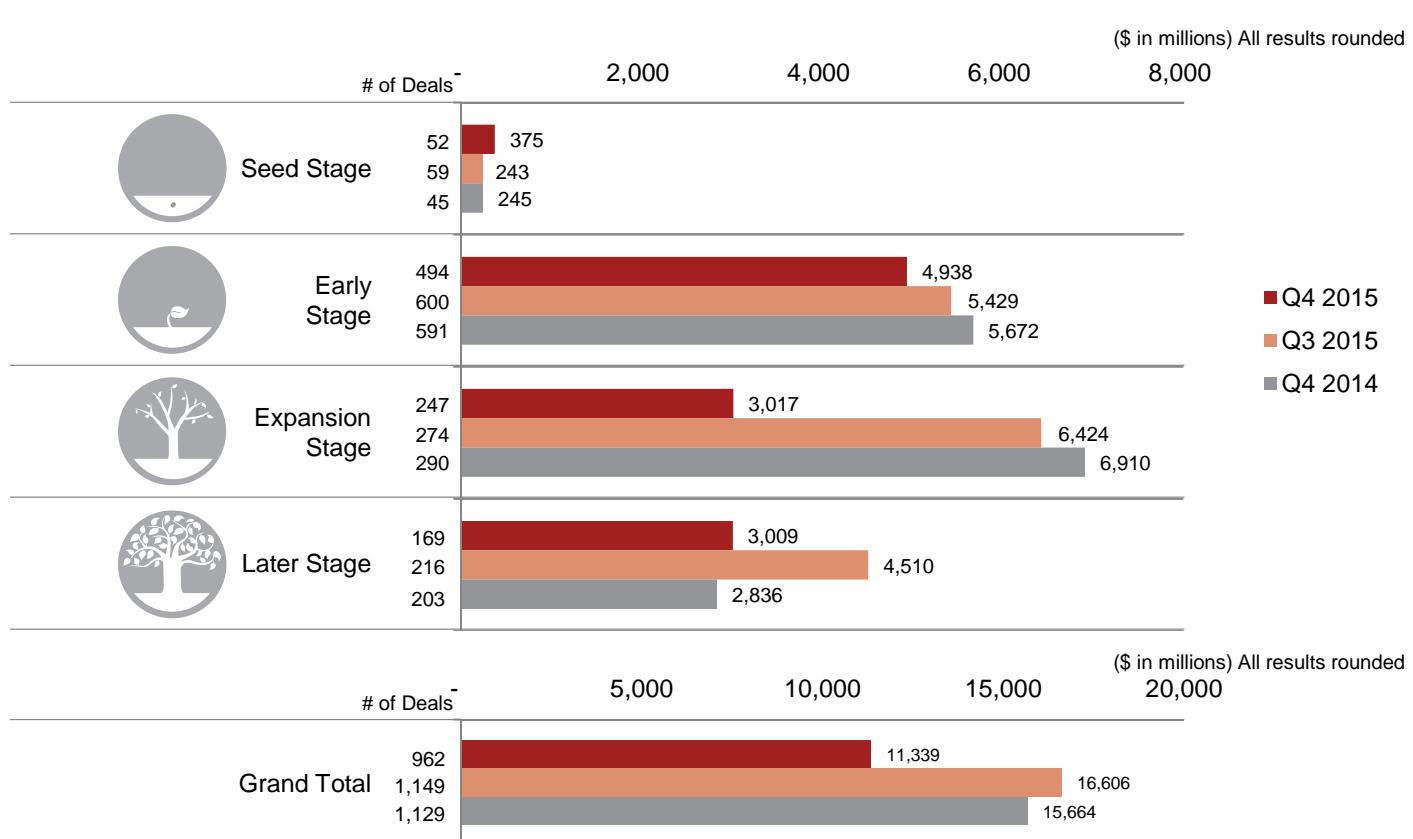
Q4 2014, Q3 2015, and Q4 2015

Dollars invested in Seed stage companies rose by 55 percent during the fourth quarter, totaling \$375 million in 52 deals, representing 3 percent of all venture investment dollars and 5 percent of all deals for the quarter. Early stage investment declined 9 percent in dollars and 18 percent in deals with \$4.9 billion going into 494 deals. Seed/Early stage deals accounted for 57 percent of total deal volume in the fourth quarter, which is the same as the prior quarter. The average Seed stage deal in the fourth quarter was \$7.2 million, up from \$4.1 million in the third quarter. The average Early stage deal in the fourth quarter was \$10 million, up from \$9 million in the prior quarter.

Expansion stage investment was down 53 percent in dollars and down 10 percent in deals from the previous

quarter with \$3 billion going into 247 deals. Expansion stage deals accounted for 27 percent of all venture deals in the fourth quarter. The average Expansion stage deal amount was \$12.2 million, down 15 percent from \$23.4 million in the third quarter.

Investments in Later stage companies decreased 33 percent to \$3 billion going into 169 deals in the fourth quarter. Later stage deals accounted for 27 percent of total deal volume for the quarter, which is flat, compared with the previous quarter. The average Later stage deal in the fourth quarter was \$17.8 million, down from \$20.9 million in the prior quarter.



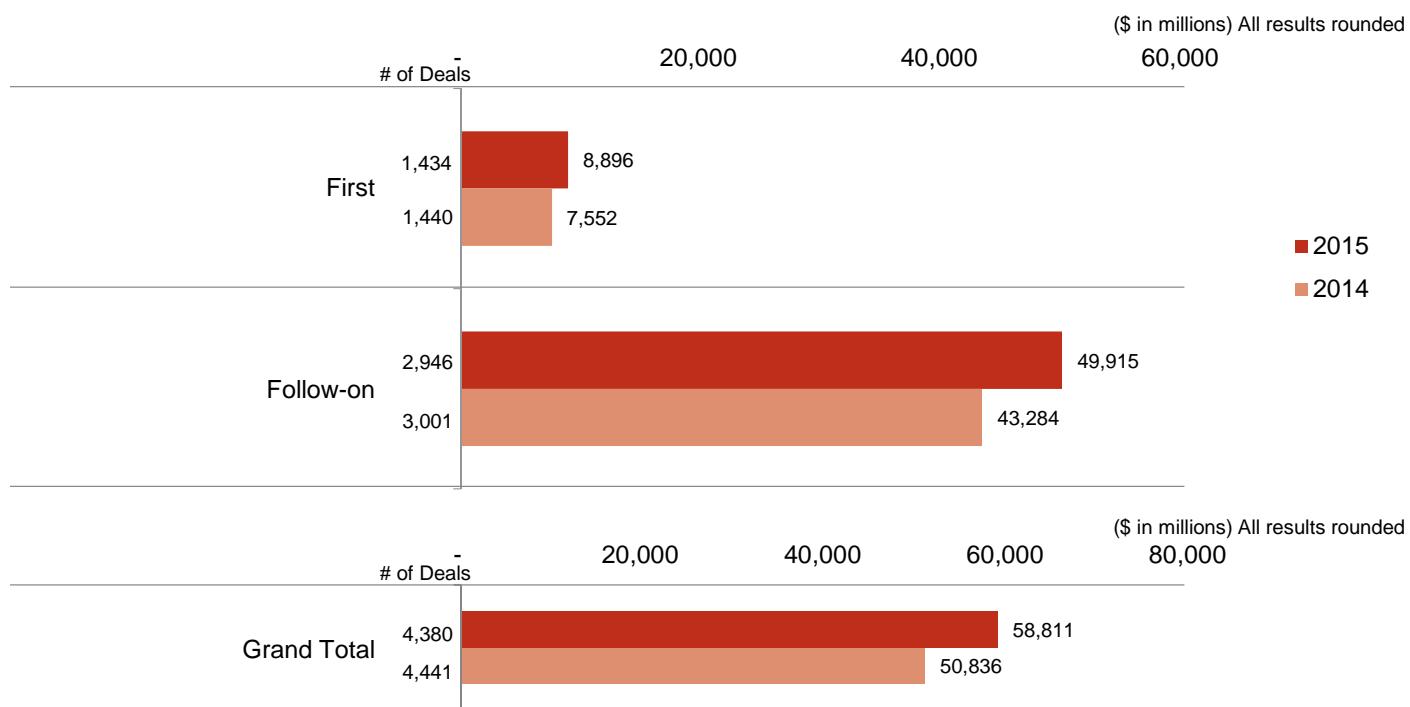
Investments by sequence of financing

2014 to 2015

First-time financings in 2015 rose 18 percent in dollars while the number of deals was flat compared to 2014, with \$8.9 billion going into 1,434 companies. First-time financings accounted for 15 percent of dollars and 33 percent of deals in 2015.

Industries that captured the highest total of first-time dollars and deals in 2015 were Software, Biotechnology,

and IT Services. Sixty percent of first-time deals in 2015 were in the Early Stage of development, followed by the Expansion Stage of development at 19 percent, Seed Stage at 12 percent and Later Stage at 9 percent.



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

Investments by sequence of financing

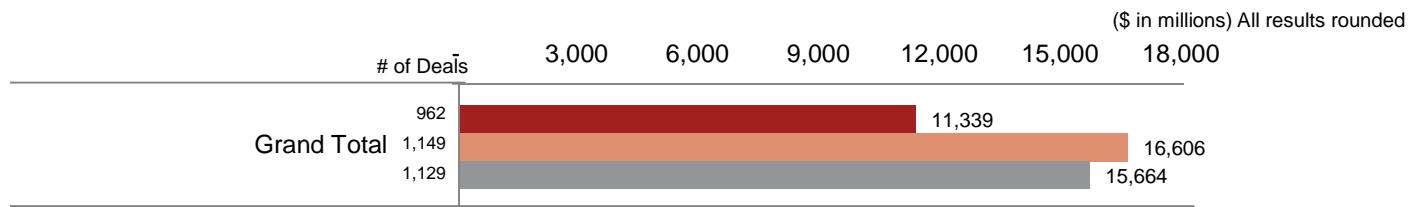
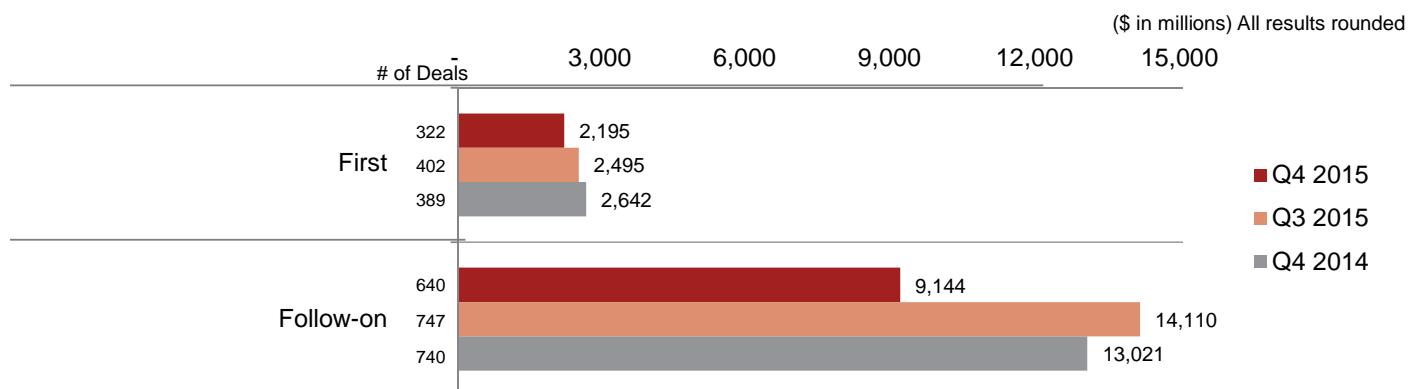
Q4 2014, Q3 2015, and Q4 2015

First-time financing (companies receiving venture capital for the first time) dollars decreased 12 percent to \$2.2 billion in the fourth quarter, as the number of deals declined by 20 percent to 322 compared to the previous quarter. First-time financings accounted for 19 percent of all dollars and 33 percent of all deals in the fourth quarter.

Of the companies receiving venture capital funding for the first time in the fourth quarter, Software companies captured the largest share, accounting for 37 percent of the dollars and 39 percent of the deals with \$811 million going into 125 deals. First-time funding in the Life

Sciences sector during the fourth quarter was up 17 percent in dollars and up 2 percent in deals, rising to \$485 million going into 47 deals. In 2015, Life Sciences investments are up 67 percent in dollars and 15 percent in deals versus 2014.

The average first-time deal in the fourth quarter was \$6.8 million, up from \$6.2 million in the prior quarter. Seed/Early stage companies received the bulk of first-time investments, capturing 72 percent of the dollars and 82 percent of the deals in the fourth quarter.

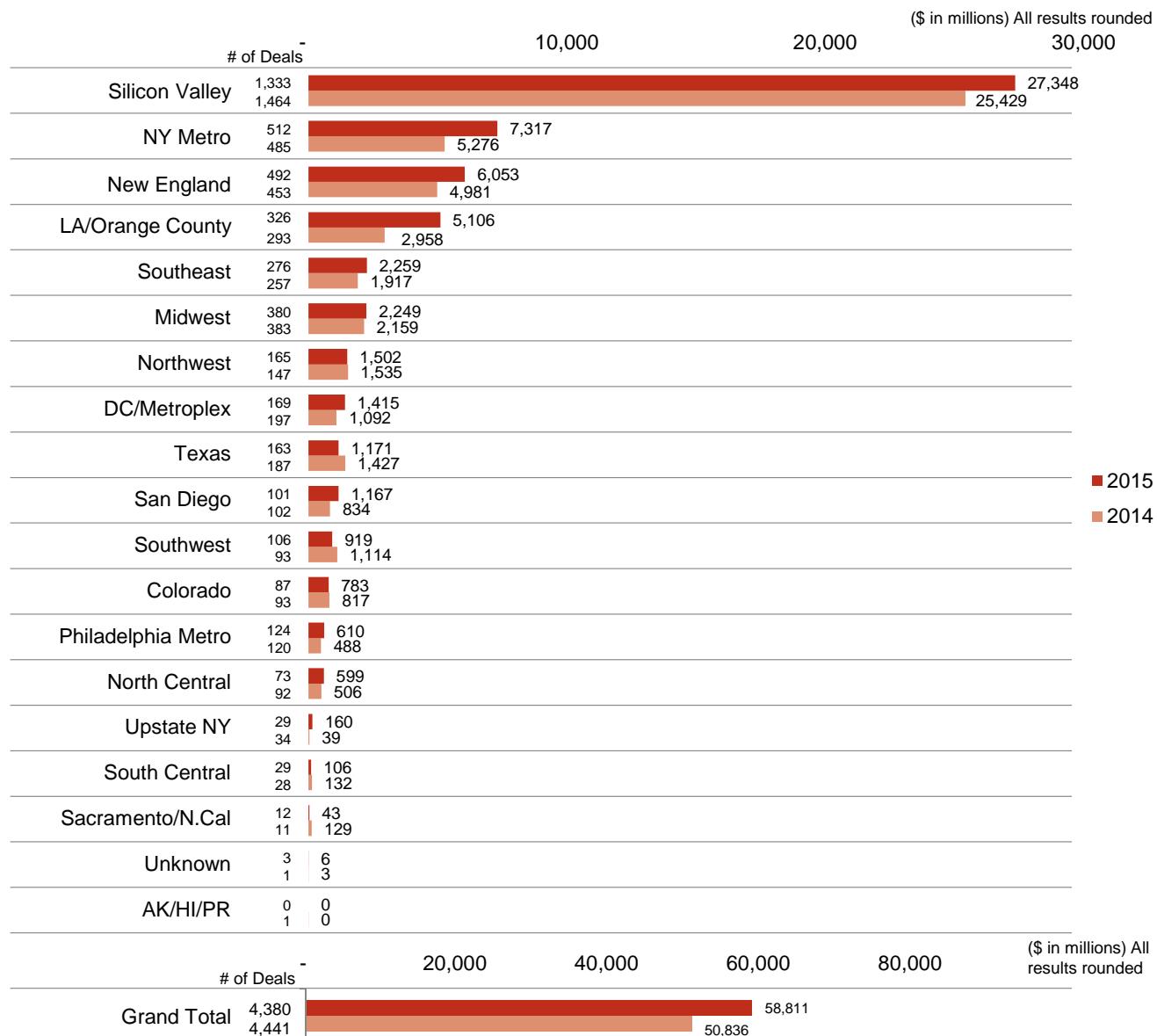


Investments by region

2014 to 2015

Twelve of the 18 regions recorded an increase in funding over the prior year. Upstate NY reported the greatest increase in 2015 investment levels with a 306 percent increase in funding, followed by the LA/Orange County with a 73 percent increase.

Silicon Valley was the top region in 2015, attracting 47 percent of total US venture capital dollars and 30 percent of total US deals. NY Metro was second at 12 percent of total US dollars and total deals. Taken together, the top three regions—Silicon Valley, New York Metro, and New England—accounted for 69 percent of venture capital funding and 53 percent of deals reported in 2015.



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

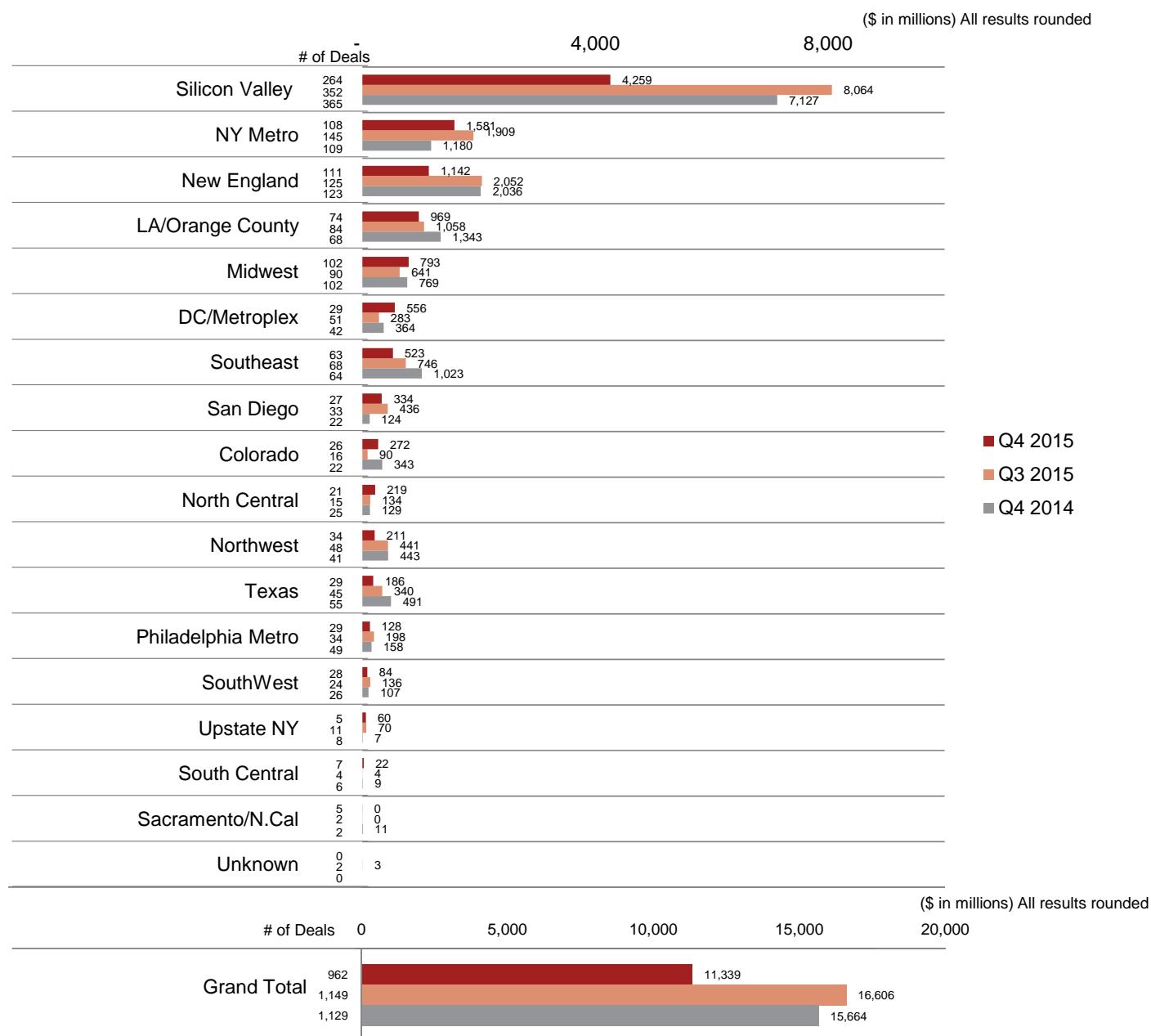
Investments by region

Q4 2014, Q3 2015, and Q4 2015

Silicon Valley received the highest level of funding for all regions in fourth quarter 2015 with a decrease of 47 percent in dollars and a decrease of 25 percent in deals from the prior quarter with \$4.3 billion going into 264 deals. New York Metro received the second highest level of funding with \$1.6 billion going into 108 rounds, decreasing 17 percent in dollars and 26 percent in deals from last quarter. New England investments came in

third, though also experiencing a decrease in dollars by 44 percent and 11 percent in deals with \$1.1 billion going into 111 companies.

Twelve of the 18 MoneyTree™ regions experienced decreases in dollars invested in the fourth quarter. Twelve of the 18 regions experienced decreases in the number of deals.



Most active venture investors

Full-year 2015

New Enterprise Associates closed the most deals in 2015, with a total of 120 deals. Kleiner Perkins Caufield & Byers LLC was second with 97 deals and Andreessen

Horowitz was third with 73 deals. These most active investors accounted for 32 percent of the total number of venture-backed deals in 2015.

Firm	City	# of Deals
New Enterprise Associates, Inc.	Menlo Park, California	120
Kleiner Perkins Caufield & Byers LLC	Menlo Park, California	97
Andreessen Horowitz LLC	Menlo Park, California	73
First Round Capital	Philadelphia, Pennsylvania	70
Accel Partners & Co Inc	Palo Alto, California	63
Innovation Works Inc	Pittsburgh, Pennsylvania	63
Bessemer Venture Partners	Larchmont, New York	57
Polaris Venture Partners	Waltham, Massachusetts	57
Canaan Partners	Menlo Park, California	56
Intel Capital Corp	Santa Clara, California	56
Sequoia Capital	Menlo Park, California	55
General Catalyst Partners LLC	Cambridge, Massachusetts	54
Google Ventures	Mountain View, California	53
Atlas Venture	Cambridge, Massachusetts	50
True Ventures	Palo Alto, California	49
Greycroft Partners LLC	New York, New York	46
Battery Ventures LP	Boston, Massachusetts	42
Khosla Ventures LLC	Menlo Park, California	41
Correlation Ventures LP	San Diego, California	39
Ben Franklin Technology Partners Southeastern PA	Philadelphia, Pennsylvania	38
500 Startups, LP	Mountain View, California	37
Foundation Capital LLC	Menlo Park, California	36
Data Collective LLC	San Francisco, California	36
Wavemaker Partners	Santa Monica, California	35
Norwest Venture Partners	Palo Alto, California	35
Foundry Group LLC	Boulder, Colorado	35

Most active venture investors

Q4 2015

New Enterprise Associates, Inc. closed the most deals in the fourth quarter 2015, with a total of 31 deals.

Innovation Works, Inc. was second with 26 deals and Kleiner Perkins Caufield & Byers LLC was third with 22 deals.

These most active venture investors accounted for 31 percent of the total number of venture-backed deals for the Q4 2015.

Firm	City	# of Deals
New Enterprise Associates, Inc.	Menlo Park, California	31
Innovation Works, Inc.	Pittsburgh, Pennsylvania	26
Kleiner Perkins Caufield & Byers LLC	Menlo Park, California	22
General Catalyst Partners LLC	Cambridge, Massachusetts	20
Andreessen Horowitz LLC	Menlo Park, California	17
Sequoia Capital	Menlo Park, California	15
Canaan Partners	Menlo Park, California	14
Accel Partners & Co, Inc.	Palo Alto, California	14
Google Ventures	Mountain View, California	13
Wavemaker Partners	Santa Monica, California	12
Intel Capital Corp	Santa Clara, California	12
Greycroft Partners LLC	New York, New York	12
Polaris Venture Partners	Waltham, Massachusetts	11
Correlation Ventures LP	San Diego, California	11
Keiretsu Forum	San Francisco, California	10
Trinity Ventures LLP	Menlo Park, California	10
Formation 8 Partners LP	San Francisco, California	10
Salesforce Ventures	San Francisco, California	10
Greylock Partners LLC	Menlo Park, California	9
Data Collective LLC	San Francisco, California	9
Foundation Capital LLC	Menlo Park, California	9

PwC can help

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

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Let's talk

Please reach out to any of our technology leaders to discuss this or other challenges. We're here to help.

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About PwC's Technology Institute

The Technology Institute is PwC's global research network that studies the business of technology and the technology of business with the purpose of creating thought leadership that offers both fact-based analysis and experience-based perspectives. Technology Institute insights and viewpoints originate from active collaboration between our professionals across the globe and their first-hand experiences working in and with the Technology industry.

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