**Executive summary**

**Mega-rounds drive strong quarterly funding in US in Q3’17**

*Overall deal and dollar totals in line with Q2’17:* US VC-backed companies saw $19B in total funding, invested across 1,207 deals. Deals were even with last quarter, but down 6% over the same quarter last year.

*More than 25 $100M+ mega-rounds in US:* Adding to the strong US quarterly funding total were 26 mega-rounds of $100M or more, below Q2’17 totals, but well above the depressed activity seen throughout 2016. Each of the top 3 rounds to US companies were made by Japan-based SoftBank Group.

*Unicorn births decline in North America:* Five new VC-backed companies in the US reached $1B+ valuations in Q3’17, down from 10 in Q2’17. Six new unicorns were created in Asia this quarter.

*Corporate participation declines:* Corporate and corporate VC participation in US deal activity pulled back for the first time in two quarters, dipping below 25% of all deals to VC-backed companies to 23%.

*Artificial Intelligence funding exceeds $1B for third quarter in a row:* Both deals and dollars to US AI companies continued to be strong in Q3’17, as $1B was invested across 91 deals.

**Global deals increase, funding above $40B for second quarter in a row**

*New York Metro funding soars:* Quarterly funding grew for the second straight quarter, up 57% driven largely by two massive rounds to WeWork and narrowly exceeding funding totals to San Francisco.

*Silicon Valley funding dips, SF posts identical quarter:* Funding in Silicon Valley (S. Bay Area) decreased by 46% amid fewer mega-rounds, while deals increased 11%. The same funding and deal totals were recorded for SF in Q3’17 as in Q2’17. Eight mega-rounds of $100M+ contributed to $1.4B of SF’s quarterly funding.

*Global dollars break $40B again:* Deal activity increased 3% in Q3’17, as $42B was invested across 2,645 deals to VC-backed companies globally. This represents a 4% decrease in total funding vs. Q2’17 but remains 47% greater than Q1’17.

*Asia deals and Europe funding both up:* Deals in Asia were up 25% in Q3’17. Quarterly funding in Europe increased to $5.2B in Q3’17, growing 18%.

*Mega-rounds increase in Asia:* 34 mega-rounds were completed in Asia in Q3’17, up from 28 in Q2’17. Meanwhile, 28 were completed in North America, down from 34 in Q2’17.

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Note: Report includes all rounds to VC-backed companies. For a detailed brief on methodology, please reference page 76 of this report.
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<th>Section</th>
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<td>US Overall Trends</td>
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<td>US Sector Activity</td>
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<tr>
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</tr>
</tbody>
</table>
US Overall Trends
In Q3 2017
UNITED STATES
VC-backed companies raised
$19B
US financing activity steady, and funding remains strong, driven by mega-round activity

- Deal and dollar totals were in line with Q2’17, as $19B was invested across 1,207 deals.
- Adding to the strong US quarterly funding total were 26 mega-rounds of $100M or more, below Q2’17 totals, but well above the depressed activity seen throughout 2016.
US financing trends

Equity financings into US startups rose for the third straight quarter, reaching $19 billion. The total deal count was nearly flat, but a trailing four quarters view reveals a declining trend. Similar to Q2, the total dollar value of financings was boosted by a large number of mega-rounds.

— Tom Ciccolella, Partner, US Ventures Leader at PwC
US seed activity up, while early-stage activity declines

- Seed activity as a proportion of all deals increased to 27% in Q3’17, up from an eight-quarter low the quarter before. Despite the jump, seed share has now remained below 30% for two straight quarters.

- Early-stage deal share decreased to 24% from 28% in Q2’17. Expansion and later-stage deal share remained constant, changing only a percentage point each.
Later-stage deal sizes remain significantly above-trend

- Later-stage deal size fell to $30M in Q3’17, from $33M the quarter before, but remains higher than all of 2016.
- Median expansion-stage deals declined to $15M, the first decrease in three quarters. Early-stage deal size reached an 8-quarter high.
Corporate participation declines for first time since Q4’16

- Corporate participation in US deal activity pulled back for the first time in two quarters, dipping below 25% of all deals to VC-backed companies.
- Corporations and CVCs were involved in 23% of all US deals to VC-backed companies in Q3’17.
Proportion of first venture rounds remains in historical range

- Excepting Q4’16, first venture financings as a share of all US deals has remained in the 34-35% range since early 2016.
US Sectors
US deal and funding by Top 5 sectors

- **Internet**
  - Deals: 574
  - Invested: $7.9B

- **Healthcare**
  - Deals: 171
  - Invested: $3.2B

- **Mobile & Telecommunications**
  - Deals: 151
  - Invested: $1.6B

- **Software (Non-Internet / Mobile)**
  - Deals: 89
  - Invested: $1.1B

- **Consumer Products & Services**
  - Deals: 44
  - Invested: $0.5B
US deal share by sector

Internet deal share pushes up; Mobile decreases

- Internet deal share increased from 44% in Q2’17 to 48% this quarter. The sector’s deals as a proportion of all US activity returned to the highest share since Q3’16.

- Mobile & Telecom deal share moved downwards to 13% from 15% in Q2’17, knocking it out of its typical second-place position into third place behind Healthcare.
Artificial Intelligence
For the third straight quarter, AI investments have exceeded $1B in total funding, paving the way for a record investment year. We saw two mega-rounds focused on AI applications for Auto Tech and Ag Tech. PwC’s Sizing the Prize global report underscores AI’s value at increasing productivity and consumption.

— Anand Rao, Principal, Global Artificial Intelligence Leader at PwC
**AI: US funding over time**

**US artificial intelligence funding exceeds $1B for third quarter in a row**

- Both deals and dollars to US AI companies showed continued momentum in Q3’17, with $1B invested across 91 deals. Quarterly funding was particularly healthy, nearly matching last quarter’s high.
- The $1B quarter was led by companies such as NAUTO ($159M Series B), Indigo Agriculture ($156M Series D), and Cerebras Systems ($60M Series B).

![Graph showing AI funding over time](image-url)
Seed activity rebounds from Q2’17 low; early-stage dips downward

- Seed-stage deals surged from 20% in Q2’17 to 32% this quarter. While still lower than much of 2016, seed activity to new startups rebounded from its lowest point in recent quarters.
- Early-stage activity decreased 6 percentage points, matching seed deal share at 32%.
## AI: Top states by deals

<table>
<thead>
<tr>
<th>Rank</th>
<th>State</th>
<th>Deals</th>
<th>Invested Amount</th>
</tr>
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<tbody>
<tr>
<td>1.</td>
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<td>42</td>
<td>$656M Invested</td>
</tr>
<tr>
<td>2.</td>
<td>MA</td>
<td>12</td>
<td>$242M Invested</td>
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<tr>
<td>3.</td>
<td>NY</td>
<td>9</td>
<td>$52M Invested</td>
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<td>4.</td>
<td>WA</td>
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<td>5.</td>
<td>TX</td>
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## AI: Largest US deals of Q3’17

<table>
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<tr>
<th>Company</th>
<th>Location</th>
<th>Sector</th>
<th>Industry</th>
<th>Stage of Funding</th>
<th>$ Value of Deal</th>
<th>Select Investors</th>
</tr>
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<tbody>
<tr>
<td>NAUTO</td>
<td>Palo Alto, CA</td>
<td>Software (non-internet / mobile)</td>
<td>Application &amp; Data Integration</td>
<td>$159M</td>
<td>$159M</td>
<td>Allianz Ventures, Playground Ventures, SoftBank Group</td>
</tr>
<tr>
<td>Indigo</td>
<td>Charlestown, MA</td>
<td>Healthcare</td>
<td>Biotechnology</td>
<td>$156M</td>
<td>$156M</td>
<td>Activant Capital Group, Alaska Permanent Fund, Baillie Gifford &amp; Co.</td>
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<td>$156M</td>
<td>$156M</td>
<td>Activant Capital Group, Alaska Permanent Fund, Baillie Gifford &amp; Co.</td>
</tr>
<tr>
<td>Cerebras</td>
<td>San Francisco, CA</td>
<td>Software (non-internet / mobile)</td>
<td>Stealth Mode</td>
<td>$60M</td>
<td>$60M</td>
<td>Undisclosed Investors</td>
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<tr>
<td>JingChi</td>
<td>Sunnyvale, CA</td>
<td>Software (non-internet / mobile)</td>
<td>Scientific, Engineering Software</td>
<td>$52M</td>
<td>$52M</td>
<td>Qiming Venture Partners, China Growth Capital, NVIDIA GPU Ventures</td>
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<tr>
<td>JingChi</td>
<td>Sunnyvale, CA</td>
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<td>$52M</td>
<td>$52M</td>
<td>Qiming Venture Partners, China Growth Capital, NVIDIA GPU Ventures</td>
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<tr>
<td>Vicarious Systems</td>
<td>Union City, CA</td>
<td>Mobile &amp; Telecommunications</td>
<td>Mobile Software &amp; Services</td>
<td>$50M</td>
<td>$50M</td>
<td>Khosla Ventures</td>
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</table>
Digital Health
2017 continues to be a banner year for Digital Health VC investments, with the first three quarters exceeding the combined total for 2016. Q3 saw total VC investments exceeding $900M in Digital Health, with significant investments in the areas of disease diagnosis, personalized health and telehealth.

— Vaughn Kauffman, Principal, US Health Services and New Entrants Leader at PwC
Digital Health: US funding over time

Digital health deal activity declines; funding totals hampered by fewer mega-rounds

- Deals and dollars to US digital health companies declined in Q3'17, with deals dropping 33% to 78 and total funding falling 66% to $919M. This represents the slowest quarter of 2017.
- Only one mega-round over $100M was recorded; the next largest round was $50M.
**Digital Health: US deal share over time**

**Seed-stage deal share drops to 8-quarter low as early-stage expands**

- Seed-stage deal share declined to 17% of US digital health investments in Q3’17, representing the third-straight quarterly decline.
- Early-stage deal share increased for the third quarter in a row, up to 33% from 31% in Q2’17.
Digital Health: Top states by deals

1. CA  **29 deals**  $479M Invested
2. NY  **9 deals**  $162M Invested
3. IL  **7 deals**  $56M Invested
3. MA  **7 deals**  $51M Invested
## Digital Health: Largest US deals of Q3’17

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Sector</th>
<th>Industry</th>
<th>Stage of Funding</th>
<th>$ Value of Deal</th>
<th>Select Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>23andMe</td>
<td>Mountain View, CA</td>
<td>Healthcare</td>
<td>Disease Diagnostics</td>
<td>Early Stage</td>
<td>$250M</td>
<td>Sequoia Capital, Fidelity Investments, Altimeter Capital</td>
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<tr>
<td>Karius</td>
<td>Redwood City, CA</td>
<td>Healthcare</td>
<td>Disease Diagnostics</td>
<td>Early Stage</td>
<td>$50M</td>
<td>Data Collective, Lightspeed Venture Partners, Spectrum 28</td>
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<td>AbleTo</td>
<td>New York, NY</td>
<td>Internet</td>
<td>Internet Software &amp; Services</td>
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<tr>
<td>Talkspace</td>
<td>New York, NY</td>
<td>Mobile</td>
<td>Mobile &amp; Telecommunications</td>
<td>Early Stage</td>
<td>$31M</td>
<td>Norwest Venture Partners, Softbank Capital, Spark Capital</td>
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<tr>
<td>DispatchHealth</td>
<td>Denver, CO</td>
<td>Mobile</td>
<td>Mobile &amp; Telecommunications</td>
<td>Early Stage</td>
<td>$31M</td>
<td>Alta Partners, Questa Capital, US Acute Care Solutions</td>
</tr>
</tbody>
</table>
Auto Tech
Auto Tech, an emerging area, saw a sharp rise in Q3 driven by a mega-round for NAUTO, which is the second largest Auto Tech deal ever. Similar to many other Auto Tech startups, NAUTO is also powered by artificial intelligence. Auto Tech illustrates how emerging technologies often converge and reinforce one another.

— Ray Telang, Partner, US Automotive Leader at PwC
**Auto Tech: US funding over time**

### Auto tech funding rebounds in Q3’17, deal activity remains strong

- Funding increased by 51%, as US auto tech companies received $329M spread across 17 deals. Deal activity has sustained a pace of 17 deals or more for 3 straight quarters.
- Q3’17 marks the second time in eight quarters with over $300M in quarterly funding; both instances were in 2017.

![Graph showing auto tech funding over time](chart.png)
Auto Tech: US deal share over time

Auto tech seed share strong in Q3’17

- Seed deals as a share of the total increased to 47% in Q3’17, up from 24% the quarter before and hitting their highest point since Q4’16, evidence for strong company creation.

- Early-stage deal share decreased to 12% from 29%, and expansion-stage decreased to 18% from 35% the quarter before.
### Auto Tech: Top states by deals

<table>
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<th>Rank</th>
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<th>Deals</th>
<th>Invested</th>
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<td>CA</td>
<td>11</td>
<td>$303M</td>
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<td>MI</td>
<td>4</td>
<td>$22M</td>
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<td>3.</td>
<td>MA</td>
<td>2</td>
<td>$5M</td>
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</table>
### Auto Tech: Largest US deals of Q3’17

<table>
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<tr>
<th>Company</th>
<th>Location</th>
<th>Sector (non-internet / mobile)</th>
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<td>Software</td>
<td>Application &amp; Data Integration Software</td>
<td>$159M</td>
<td></td>
<td>Allianz Ventures, Draper Nexus Ventures, SoftBank Group</td>
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<tr>
<td>JingChi</td>
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<td>Software</td>
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<td>China Growth Capital, Qiming Venture Partners, NVIDIA GPU Ventures</td>
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<td>Software</td>
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<td>Grab</td>
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<td>Embark</td>
<td>San Mateo, CA</td>
<td>Software</td>
<td>Scientific, Engineering Software</td>
<td>$15M</td>
<td></td>
<td>Data Collective, SV Angel, Maven Ventures</td>
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</table>
US Places
**US top five regions of Q3’17 by deals**

- **San Francisco (N. Bay Area)**: $4,177M, 239 deals
- **New York Metro**: $4,227M, 162 deals
- **Silicon Valley (S. Bay Area)**: $2,204M, 146 deals
- **New England**: $1,813M, 109 deals
- **LA/Orange County**: $1,147M, 93 deals
**US: Q3’17 funding by region**

**Total US:** $19.0B

- **Northwest** $570M
- **SF (N. Bay Area)** $4,177M
- **Silicon Valley (S. Bay Area)** $2,204M
- **Sacramento/N. Cal** $60M
- **North Central** $148M
- **Southwest** $236M
- **CO** $178M
- **LA/Orange County** $1,147M
- **San Diego** $362M
- **Texas** $283M
- **South Central** $6M
- **Southeast** $2,008M
- **New York Metro** $4,227M
- **New England** $1,813M
- **Midwest** $1,054M
- **DC/Metroplex** $313M
- **New York NY** $12M
- **Upstate NY** $12M
- **Philadelphia Metro** $112M
- **AK/HI/PR** N/A

PwC | CB Insights MoneyTree™ Report Q3 2017
US: Q3’17 deals by region

Total US: 1,207 Deals

Northwest: 58 Deals
North Central: 29 Deals
Midwest: 92 Deals
Southeast: 67 Deals
New York Metro: 162 Deals
DC/Metroplex: 35 Deals
Philadelphia Metro: 19 Deals
New England: 109 Deals
Upstate NY: 3 Deals

Sacramento/N. Cal: 5 Deals
SF (N. Bay Area): 239 Deals
Silicon Valley (S. Bay Area): 146 Deals
LA/Orange County: 93 Deals
San Diego: 24 Deals
Southwest: 28 Deals
CO: 29 Deals

AK/HI/PR: 1 Deal

South Central: 5 Deals
8-quarter financing trend:
San Francisco (North Bay Area)

Q3’17 San Francisco deals and dollars mirror last quarter

- The same number of deals were completed to San Francisco-based companies in Q3’17 as the quarter before. Funding amounts also were nearly identical. The top 8 largest rounds were mega-rounds of $100M or more and totaled nearly $1.4B.
Total VC equity funding in the New York Metro area increased nearly 60% in Q3, driven by four $100M+ mega-rounds (two raised by WeWork alone, totaling almost $2.5B).

— David Silverman, Partner, US Emerging Company Services Co-leader at PwC
8-quarter financing trend:
New York Metro

Deals remain in lower range, funding surges, driven by massive rounds

- Deal activity in the New York Metro area remains flat for second straight quarter, and lower than in Q1’17, when 185 deals were made.
- Quarterly funding grew for the second straight quarter, growing 57% driven largely by two massive Series G tranches to WeWork and narrowly exceeding funding totals to San Francisco.
Total funding in Silicon Valley dropped sharply during the third quarter, even though the deal count rose. The decline was driven by a big drop off in $100M+ mega-rounds, from ten to only two, which also reflects the national prominence of mega-rounds.

— Danny Wallace, Partner, US Emerging Company Services Co-leader at PwC
8-quarter financing trend:
Silicon Valley (South Bay Area)

Silicon Valley funding declines, deals increase

- Deals increased to 146 in Q3’17, up 11% from Q2’17.
- Funding decreased by 46% this quarter, declining from $4.1B in Q2’17 to $2.2B. Compared to Q2’17 in which 10 mega-rounds of $100M or more were completed, Q3’17 only had 2 mega-rounds.
New England deal activity remains depressed, funding increases

- Deals to New England-based companies matched Q2’17 for an eight-quarter low, while total funding increased 27% to $1.8B.
8-quarter financing trend: LA/Orange County

Tepid growth in deals and dollars in LA/Orange County

- Deal count decreased by one deal in Q3’17 to 93 deals.
- Quarterly funding remains significantly beneath the Q2’16 high, but exceeded $1B for the second quarter, growing 4%.
### US: Top 10 states of Q3’17 by deals

<table>
<thead>
<tr>
<th></th>
<th>State</th>
<th>Deals</th>
<th>Total Value ($)</th>
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<td>NY</td>
<td>157</td>
<td>4,175M</td>
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<td>3.</td>
<td>MA</td>
<td>94</td>
<td>1,343M</td>
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<td>4.</td>
<td>WA</td>
<td>48</td>
<td>505M</td>
</tr>
<tr>
<td>5.</td>
<td>TX</td>
<td>38</td>
<td>283M</td>
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<td>6.</td>
<td>IL</td>
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<td>7.</td>
<td>CO</td>
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<td>8.</td>
<td>PA</td>
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<td>9.</td>
<td>NC</td>
<td>23</td>
<td>130M</td>
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<tr>
<td>10.</td>
<td>GA</td>
<td>19</td>
<td>732M</td>
</tr>
</tbody>
</table>
Florida had its best VC investment quarter ever, fueled by Fanatics' $1B investment from SoftBank. This was the company's fourth $100M+ mega-round.

Six of the seven mega-rounds in Florida since 2012 went to Fanantics and Magic Leap.

— Darach Chapman, Principal, Florida Deals Leader at PwC
Q3’17 Regional comparison: Deals
CA vs. NY vs. MA

California deals increase, Massachusetts declines

- Deal activity increased by 2% in California in Q3’17, while 4 fewer deals were recorded in Massachusetts, which saw a decline in deals for the third quarter in a row. New York deal activity remained largely flat.
Q3’17 Regional comparison: Financing
CA vs. NY vs. MA

California funding declines, New York surges

- Mega-rounds to WeWork ($1.7B and $760M Series G tranches), Via Transportation ($200M corporate minority) and Bread ($100M Series B) contributed to a 62% increase in New York state funding.

- California funding decreased from $9.8B to $8B this quarter.
US Movers and Shakers
With 40 percent of value coming from mega-deals, Q3 2017 saw the largest quarter for deal value in two years. The three largest deals for the quarter were not in Silicon Valley, further demonstrating the overall health of the venture capital ecosystem across the U.S.

— Tom Ciccolella, Partner, US Ventures Leader at PwC
## Largest US deals of Q3’17

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
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<th>Stage of Funding</th>
<th>$ Value of Deal</th>
<th>Select Investors</th>
</tr>
</thead>
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<tr>
<td>WeWork</td>
<td>New York, NY</td>
<td>Business Products &amp; Services</td>
<td>Facilities</td>
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<td>$1,700M</td>
<td>SoftBank Group</td>
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<td>Internet</td>
<td>eCommerce</td>
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<td>SoftBank Group</td>
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<tr>
<td>WeWork</td>
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<td>SoftBank Group</td>
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<td>SpaceX</td>
<td>Hawthorne, CA</td>
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<td>Aerospace &amp; Defense</td>
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<td>Auris Surgical Robots</td>
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<td>Healthcare</td>
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<td>$280M</td>
<td>Lux Capital, Highland Capital Partners, Mithril Capital Management</td>
</tr>
</tbody>
</table>

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*PwC | CB Insights MoneyTree™ Report Q3 2017*
**US mega-round activity**

$100M+ mega-round financings record another strong quarter

- Adding to the strong US quarterly funding total were 26 rounds of $100M or more, below last quarter’s figure but still well above the depressed activity seen through 2016.
8-quarter US mega-round trend

US mega-rounds comprise increasing percentage of total funding

- US mega-rounds as a percentage of total quarterly funding in the US has steadily risen since Q4’16.
- With $7.6B of funding comprised of $100M+ rounds, this quarter marks the highest percentage of mega-rounds since Q2’16 at 40%.
US new unicorn births

VC-backed unicorn creation rate decreases in the US

- 5 new VC-backed companies reached $1B+ valuations in Q3’17, down from 10 in Q2’17.
- New companies joining the unicorn club included Desktop Metal, Indigo Agriculture, and Coinbase.
## Most active VC firms of Q3’17 in the US

<table>
<thead>
<tr>
<th>Investor</th>
<th>Location</th>
<th>No. of US Companies</th>
<th>Select Q3’17 Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. New Enterprise Associates</td>
<td>Menlo Park, CA</td>
<td>32</td>
<td>Desktop Metal, Data Bricks, Amplyx Pharmaceuticals</td>
</tr>
<tr>
<td>2. 500 Startups</td>
<td>Mountain View, CA</td>
<td>21</td>
<td>Datatron, EquitySim, Compute Software</td>
</tr>
<tr>
<td>3. Google Ventures</td>
<td>Mountain View, CA</td>
<td>20</td>
<td>Desktop Metal, ProsperWorks, Gritstone Oncology</td>
</tr>
<tr>
<td>4. Khosla Ventures</td>
<td>Menlo Park, CA</td>
<td>18</td>
<td>Impossible Foods, Karius, ThoughtSpot</td>
</tr>
<tr>
<td>4. Lightspeed Venture Partners</td>
<td>Menlo Park, CA</td>
<td>18</td>
<td>Blend, MapR Technologies, ThoughtSpot</td>
</tr>
</tbody>
</table>
Q3’17 Investor locations

California investor presence strong at every stage

- California-based investors were represented in over a third of all deals at all stages to US-based companies.
- Non-US investors are backing young startups, investing in 27% of early-stage and 23% of seed deals.

<table>
<thead>
<tr>
<th>Stage of funding</th>
<th>Location of investors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>California</td>
</tr>
<tr>
<td>Seed</td>
<td>36%</td>
</tr>
<tr>
<td>Early</td>
<td>36%</td>
</tr>
<tr>
<td>Expansion</td>
<td>39%</td>
</tr>
<tr>
<td>Later</td>
<td>37%</td>
</tr>
</tbody>
</table>

Total number of deals:
- Seed: 327
- Early: 293
- Expansion: 271
- Later: 122
Global Trends
Q3’17 Global regional comparison

- **1,285 Deals**
  - $19.9B Invested

- **548 Deals**
  - $5.2B Invested

- **747 Deals**
  - $16.5B Invested

**Global Total:**
- **2,645 Deals**
  - $42.0B Invested
8-quarter global financing trend

Global funding decreases slightly, deals increase

- Deal activity increased 3% in Q3’17, as $42B was invested across 2,645 deals. This represents a 4% decrease in funding but still considerably above the levels seen throughout 2016.
Global corporate deal participation

Corporate participation remains above 25% in 2017 year to-date

- Corporations (and/or their venture arms) participated in 26% of all deals to VC-backed companies in Q3’17.
- Corporates have participated in 26%+ of deals on a quarterly basis thus far in 2017.
North American activity follows US lead, funding and deals up slightly

- VC-backed companies in North America received $19.9B of total funding distributed across 1,285 deals, a 3% increase in funding.
- US accounted for 93% of deals and 95% of dollars invested in North America.
North American corporate deal participation

Corporate participation drops below 25% in North America

- Corporations (and/or their venture arms) participated in 24% of Q3’17 deals to VC-backed companies in North America, down from 27% in Q2’17.

![Graph showing corporate deal participation over time]
8-quarter financing trend: Europe

Europe deal activity declines, funding increases to 8-quarter high

- Quarterly funding increased to $5.2B in Q3’17, growing 18% over Q2’17 and driven by $100M+ mega-rounds to Roivant Sciences ($1.1B minority investment), Deliveroo ($385M Series F), and EREN Groupe ($284.5M minority investment).
European corporate deal participation

Corporate participation dips slightly but remains near one-quarter of deals

- Corporations (and/or their venture arms) participated in 24% of Q3'17 deals to VC-backed companies in North America, declining from 25% the quarter before.
Asia deal activity continues upwards, funding takes a backseat

- After bottoming out in 2016, deals to VC-backed companies in Asia have continued to rise in Q3’17. Deal count was up 25%, increasing to 747 from 596 deals in Q2’17.
- Quarterly funding declined 15% from $19.4B in Q2’17 to $16.5B in Q3’17.
Asia corporate deal participation

Pullback in corporate participation in Asia continues in Q3’17

- Corporations (and/or their venture arms) participated in 33% of deals to VC-backed companies in Asia in Q3’17. While Asia maintains the highest continental percentage compared to N. America and Europe, corporate participation decreased for the second straight quarter.
# Largest global deals of Q3’17

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Sector</th>
<th>Industry</th>
<th>Stage of Funding</th>
<th>$ Value of Deal</th>
<th>Select Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grab</td>
<td>Singapore</td>
<td>Mobile &amp; Telecommunications</td>
<td>Mobile Commerce</td>
<td></td>
<td>$2000M</td>
<td>SoftBank Group, Toyota Motor Corp., Didi Chuxing</td>
</tr>
<tr>
<td>WeWork</td>
<td>NY, United States</td>
<td>Business Products &amp; Services</td>
<td>Facilities</td>
<td></td>
<td>$1700M</td>
<td>SoftBank Group</td>
</tr>
<tr>
<td>Flipkart</td>
<td>Bengaluru, India</td>
<td>Internet</td>
<td>eCommerce</td>
<td></td>
<td>$1400M</td>
<td>SoftBank Group</td>
</tr>
<tr>
<td>Roivant Sciences</td>
<td>Basel, Switzerland</td>
<td>Healthcare</td>
<td>Biotechnology</td>
<td></td>
<td>$1100M</td>
<td>Founders Fund, SoftBank Group</td>
</tr>
<tr>
<td>Tokopedia</td>
<td>Jakarta, Indonesia</td>
<td>Internet</td>
<td>eCommerce</td>
<td></td>
<td>$1100M</td>
<td>Alibaba Group</td>
</tr>
</tbody>
</table>
## Most active VC firms of Q3’17 globally

<table>
<thead>
<tr>
<th>Investor</th>
<th>Location</th>
<th>No. of Global Companies</th>
<th>Select Q3’17 Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. 500 Startups</strong></td>
<td>California, US</td>
<td><strong>42</strong></td>
<td>Datatron, Finnomena, Infostellar</td>
</tr>
<tr>
<td><strong>2. New Enterprise Associates</strong></td>
<td>California, US</td>
<td><strong>33</strong></td>
<td>Brandless, Qadium, Juvo</td>
</tr>
<tr>
<td><strong>3. Accel Partners</strong></td>
<td>California, US</td>
<td><strong>23</strong></td>
<td>Raise Marketplace, Segment, Hudl</td>
</tr>
<tr>
<td><strong>3. IDG Capital</strong></td>
<td>Beijing, China</td>
<td><strong>23</strong></td>
<td>Bitmain Technologies, City Home, Terminus Technologies</td>
</tr>
<tr>
<td><strong>5. Google Ventures</strong></td>
<td>California, US</td>
<td><strong>21</strong></td>
<td>Desktop Metal, ARMO BioSciences, Fauna</td>
</tr>
</tbody>
</table>
Global mega-round activity

Asia and North America see second strong quarter of $100M+ rounds

- Asia mega-round activity increased for the third-straight quarter, from 28 in Q2’17 to 34 in Q3’17.
- North American mega-round activity decreased from 34 in Q2’17 to 28 in Q3’17, but still remained head-and-shoulders above Q1’17 totals.
Global new unicorn births

Unicorn creation declines in North America

- North America saw 5 companies joining the ranks of private companies valued at $1B or more, down from 10 the quarter prior. Asia saw 6 companies become unicorns, for the second quarter in a row.
Seed deal sizes decline in North America, Asia

- Median North American deal sizes declined from $1.9M to $1.6M in Q3’17.
- Asian seed deals declined more significantly, moving from a median of $1.5M to $1M this quarter.
Global early-stage median deal size

Asian early-stage deal sizes remain above North America and Europe

- Median early-stage deal sizes in Asia remained at $7.1M, above North America and Europe in Q3’17, at $6.5M and $5.2M, respectively.
Expansion-stage deal sizes move upwards in Asia

- Median expansion-stage deal sizes in Asia jumped to $18.4M in Q3’17 from $15M last quarter.
- North American expansion-stage deal sizes declined from $15.6M to $15M.
Global later-stage median deal size

Asian later-stage deal sizes correct after two-quarter move upwards

- Median later-stage deal sizes declined to $67.5M in Q3’17 from $76.3M last quarter. North American deal sizes stayed steady at $30M after increasing significantly in Q2’17.
## US States: Full listing

<table>
<thead>
<tr>
<th>State</th>
<th>$M</th>
<th>No. of Deals</th>
<th>State</th>
<th>$M</th>
<th>No. of Deals</th>
<th>State</th>
<th>$M</th>
<th>No. of Deals</th>
<th>State</th>
<th>$M</th>
<th>No. of Deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>$0.25</td>
<td>2</td>
<td>Hawaii</td>
<td>N/A</td>
<td>1</td>
<td>Massachusetts</td>
<td>$1,343</td>
<td>94</td>
<td>North Carolina</td>
<td>$129.53</td>
<td>23</td>
</tr>
<tr>
<td>Arizona</td>
<td>$40.62</td>
<td>6</td>
<td>Idaho</td>
<td>$22.5</td>
<td>1</td>
<td>Michigan</td>
<td>$38.28</td>
<td>12</td>
<td>Ohio</td>
<td>$380.83</td>
<td>16</td>
</tr>
<tr>
<td>Arkansas</td>
<td>$4.79</td>
<td>2</td>
<td>Illinois</td>
<td>$381</td>
<td>32</td>
<td>Minnesota</td>
<td>$88.14</td>
<td>15</td>
<td>Oklahoma</td>
<td>$0.6</td>
<td>1</td>
</tr>
<tr>
<td>California</td>
<td>$7,980</td>
<td>512</td>
<td>Indiana</td>
<td>$28.65</td>
<td>10</td>
<td>Missouri</td>
<td>$49.92</td>
<td>9</td>
<td>Oregon</td>
<td>$42.98</td>
<td>9</td>
</tr>
<tr>
<td>Colorado</td>
<td>$178</td>
<td>29</td>
<td>Iowa</td>
<td>$0.85</td>
<td>2</td>
<td>Nebraska</td>
<td>$36.4</td>
<td>4</td>
<td>Pennsylvania</td>
<td>$226</td>
<td>23</td>
</tr>
<tr>
<td>Connecticut</td>
<td>$82.08</td>
<td>10</td>
<td>Kansas</td>
<td>$0.3</td>
<td>1</td>
<td>Nevada</td>
<td>$42.35</td>
<td>5</td>
<td>Rhode Island</td>
<td>$163.72</td>
<td>5</td>
</tr>
<tr>
<td>Dc</td>
<td>$34.18</td>
<td>5</td>
<td>Kentucky</td>
<td>$60.5</td>
<td>2</td>
<td>New Hampshire</td>
<td>$3</td>
<td>1</td>
<td>South Carolina</td>
<td>$55.74</td>
<td>5</td>
</tr>
<tr>
<td>Delaware</td>
<td>$14.59</td>
<td>5</td>
<td>Louisiana</td>
<td>N/A</td>
<td>1</td>
<td>New Jersey</td>
<td>$102.27</td>
<td>11</td>
<td>Tennessee</td>
<td>$5.24</td>
<td>3</td>
</tr>
<tr>
<td>Florida</td>
<td>$1,085</td>
<td>15</td>
<td>Maine</td>
<td>$223</td>
<td>1</td>
<td>New Mexico</td>
<td>$30.76</td>
<td>2</td>
<td>Texas</td>
<td>$283</td>
<td>38</td>
</tr>
<tr>
<td>Georgia</td>
<td>$731.78</td>
<td>19</td>
<td>Maryland</td>
<td>$181.44</td>
<td>13</td>
<td>New York</td>
<td>$4,175</td>
<td>157</td>
<td>Utah</td>
<td>$122.36</td>
<td>15</td>
</tr>
</tbody>
</table>

*No disclosed quarterly activity: AK, MS, OK, WY, MT*
Notes on methodology

PwC (pwcmoneytree.com) and CB Insights (cbinsights.com) encourage you to review the methodology and definitions employed to better understand the numbers presented in this report. If you have any questions about the definitions or methodological principles used, we encourage you to reach out to CB Insights directly. Additionally, if you feel your firm has been underrepresented, please send an email to info@cbinsights.com and we can work together to ensure your firm’s investment data is up-to-date.

Rankings, e.g., top states and top sectors, are done by quarterly deal activity (that is, deal count for the given quarter).

What is included:

- Equity financings into emerging companies. Fundings must be to VC-backed companies, which are defined as companies that have received funding at any point from either: venture capital firms, corporate venture arms, or super angel investors.
- Fundings of private companies only. Funding rounds raised by public companies of any kind on any exchange (including Pink Sheets) are excluded from our numbers, even if they received investment by a venture firm(s).
- Only includes the investment made in the quarter for tranched investments. If a company does a second closing of its Series B round for $5M and previously had closed $2M in a prior quarter, only the $5M is reflected in our results.
- Round numbers reflect what has closed – not what is intended. If a company indicates the closing of $5M out of a desired raise of $15M, our numbers reflect only the amount which has closed.
- Only verifiable fundings are included. Fundings are verified via (1) various federal and state regulatory filings; (2) direct confirmation with firm or investor; (3) press release; or (4) credible media sources.
- Equity fundings to joint ventures and spinoffs/spinouts are included, given that they meet the VC-backed criteria.
- Geography note: Israel funding figures are classified in Asia.

What is excluded:

- No contingent funding. If a company receives a commitment for $20M subject to hitting certain milestones but first gets $8M, only the $8M is included in our data.
- No business development / R&D arrangements whether transferable into equity now, later or never. If a company signs a $300M R&D partnership with a larger corporation, this is not equity financing nor is it from venture capital firms. As a result, it is not included.
- No buyouts, consolidations or recapitalizations. All three of these transaction types are commonly employed by private equity firms and are tracked by CB Insights. However, they are excluded for the purposes of this report.
- No private placements. These investments, also known as PIPEs (Private Investment in Public Equities), are not included even if made by a venture capital firm(s).
- No debt / loans of any kind (except convertible notes). Venture debt or any kind of debt / loan issued to emerging, startup companies, even if included as an additional part of an equity financing, is not included. If a company receives $3M with $2M from venture investors and $1M in debt, only the $2M is included in these statistics.
- No non-equity government funding. Grants or loans by the federal government, state agencies, or public-private partnerships to emerging, startup companies are not included.
- No fundings to subsidiaries of a larger parent corporation.