

PwC / CB Insights

MoneyTree™ Report

Q4 2017



Executive summary

Strong year in funding, driven by \$100M+ mega-rounds record for this millennium, but deals down

Annual funding tops \$70B for second time: US VC-backed companies saw \$71.9B invested in 2017 across 5,052 deals. Funding was up 17% from 2016, but deals fell 4%, declining to the lowest annual total since 2012.

109 mega-rounds of \$100M or more in 2017: Driving the strong funding total was a record number of 109 mega-rounds, edging out the count of 107 in 2015. Mega-rounds accounted for 36% of 2017 US funding, just shy of the 37% high in 2015.

Seed deal share dips to 8-quarter low: Corresponding with the broader deal slowdown, US seed deal share slid to an 8-quarter low of just 22% in Q4'17. Seed share crested 30% every quarter in 2016, but did not reach that mark in any quarter after Q1'17.

Four new unicorns 'birthed' in Q4'17: Four VC-backed companies achieved a valuation of \$1B or more in the US in Q4'17. Through full-year 2017, 22 new unicorns were created in the US, up modestly from 2016 but significantly below the peak of 41 in 2015.

Funding to AI tops \$1B every quarter in 2017: Compared to 2016, total annual funding increased 28% in 2017 with \$5B across 444 deals.

Global funding total surges to post-2000 record, propelled by Asia

Global funding hits \$164B: Total annual global funding increased nearly 50% in 2017, as over \$164B was invested across 11,042 deals. Deal activity was up by 11%, with both deal and dollar figures representing annual highs.

Asian and European financing activity see full-year increases: Total annual Asian funding activity increased by 117%, with \$70.8B invested across 2,847 deals in 2017, up from \$32.7B and 1,950 deals in 2016. Total annual European funding activity stood at \$17.6B across 2,483 deals, respectively up 40% and 16% from 2016.

San Francisco funding jumps even as deal activity declines: Total quarterly funding to San Francisco-based companies increased 23% in Q4'17 reaching \$5.2B. Deal activity declined 19% over the same period, decreasing from 260 deals in Q3'17 to 210 deals in Q4'17.

New York Metro financing activity returns to Q2'17 levels and Silicon Valley sees more funding: Deal activity in the NY Metro area declined from 184 deals to 177 deals in Q4'17. Absent the \$2B+ funding to WeWork in Q3'17, total quarterly funding declined by 33%. SV total quarterly funding increased by 18%, to reach \$2.7B, with 4 mega-rounds of \$100M or more.

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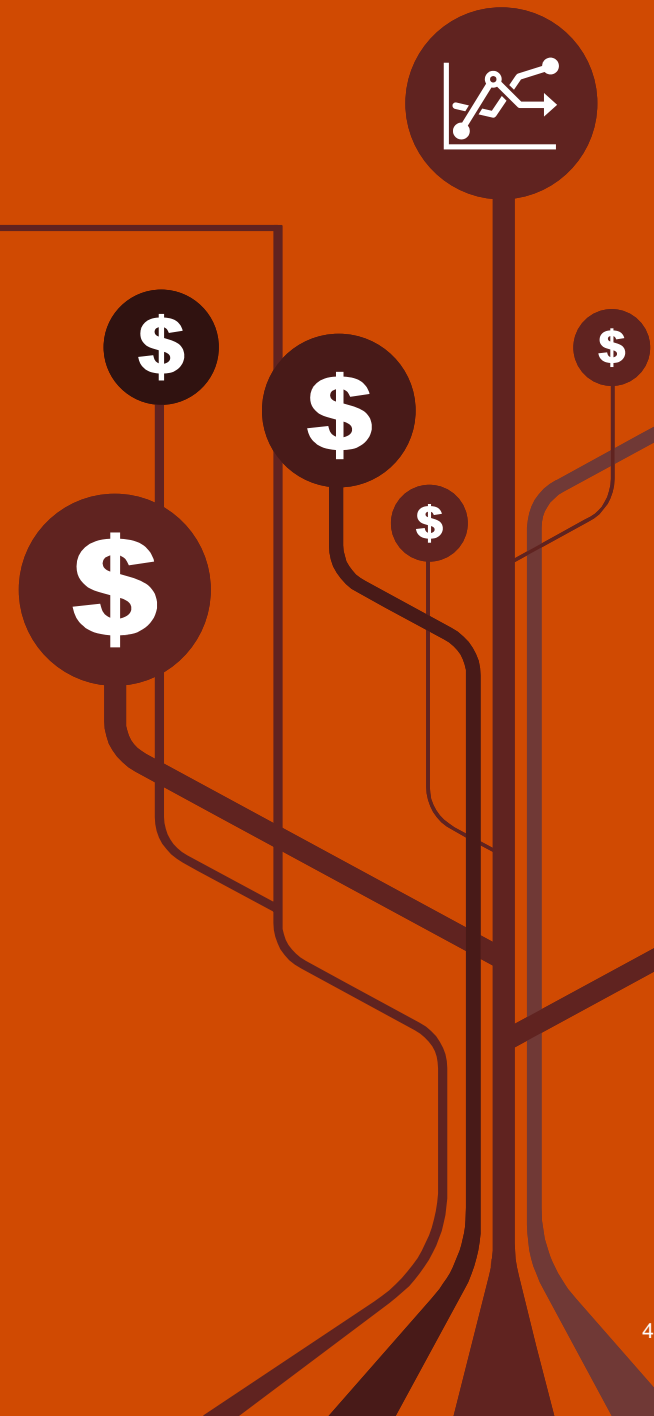
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US Overall Trends



US financing trends



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2017 was the second biggest year of investments (\$71.9B) for venture backed US startup firms in this century, increasing 17% over 2016.

— ***Tom Ciccolella***, *Partner, US Ventures Leader*
at PwC

”

A low-angle, close-up photograph of the Statue of Liberty's head and crown against a clear blue sky. The statue's green patina is visible, and its crown features several sharp, pointed rays. The torch held in its right hand is partially visible on the left side of the frame.

In 2017

UNITED STATES

VC-backed companies raised

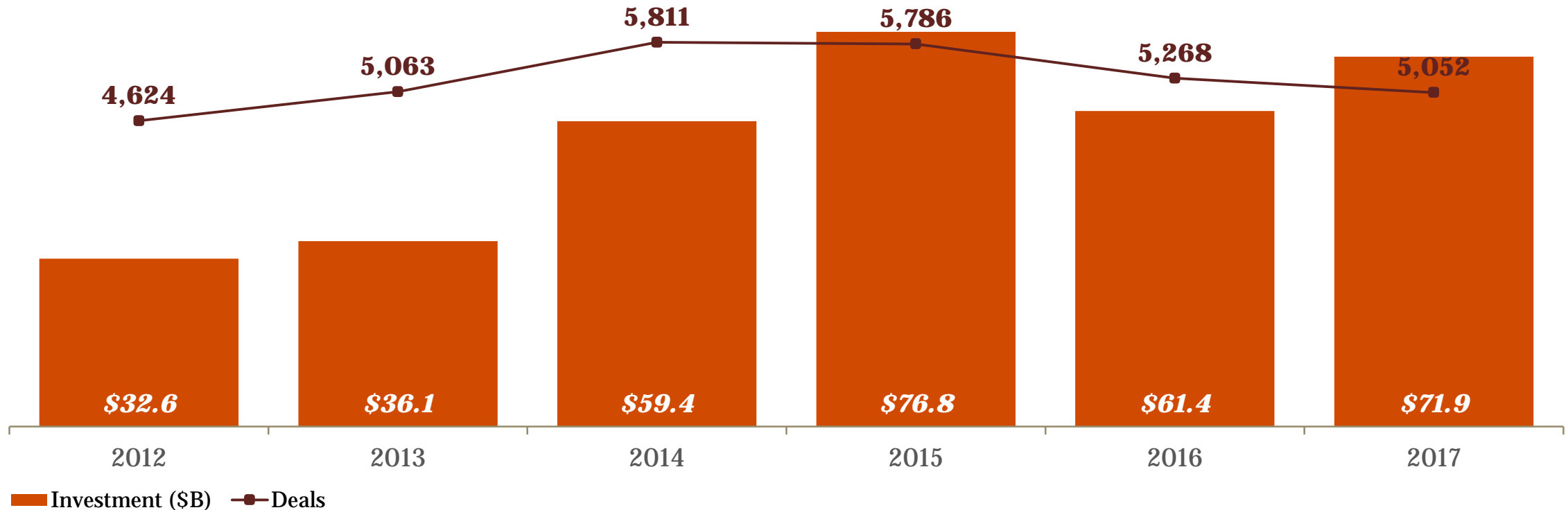
\$71.9B

Annual US financing trend



US annual funding tops \$70B on strong mega-round activity, but deals continue slip

- Total annual funding increased 17% in 2017, as \$71.9B was invested across 5,052 deals.
- Q2'17 and Q4'17 both saw 33 rounds of \$100M or more.
- 2017 was the second year that saw dollar funding top \$70B, but deals declined for the third straight year, falling 4% from 2016 and reaching the lowest annual total since 2012.

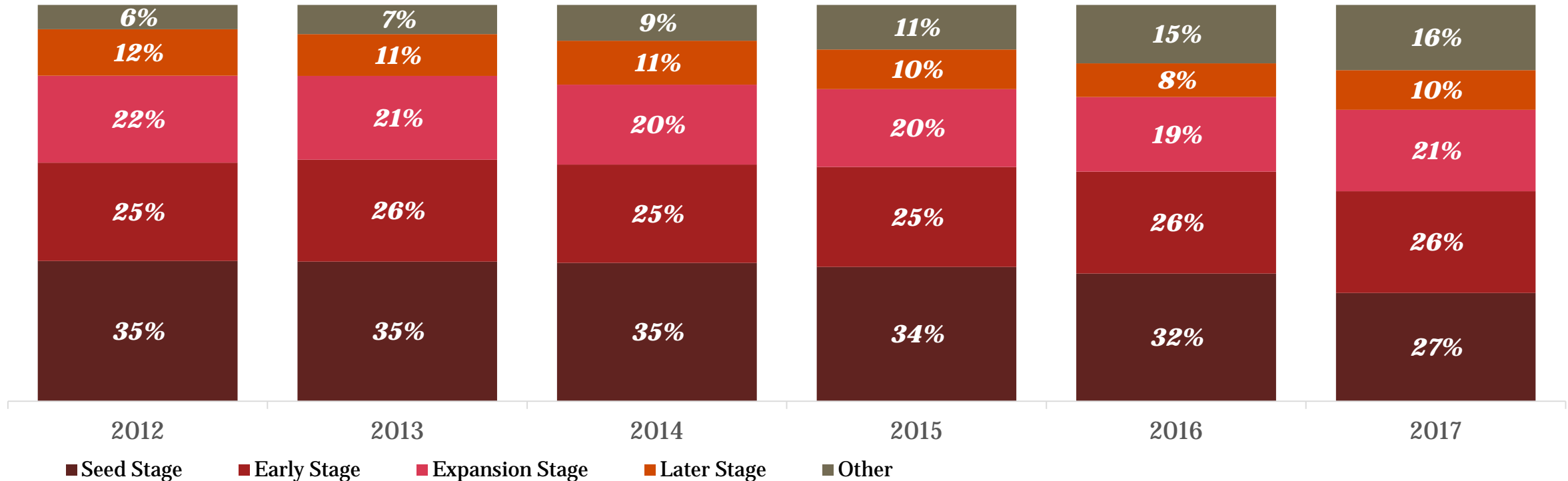


US deal share by stage



US seed activity declines to 5 year low

- Seed activity as a proportion of all deals declined to 27% in 2017, down from 32% the year before.
- Early-stage activity remained constant, while expansion-stage and later-stage deal share increased.



A low-angle photograph of the U.S. Capitol building in Washington, D.C. The image shows the iconic white dome with its ribbed structure and the Statue of Freedom on top. Below the dome, the classical architecture of the building is visible, featuring large columns and ornate carvings. The sky is a clear, vibrant blue with some light, wispy clouds. The text is overlaid on the right side of the image.

In Q4 2017

UNITED STATES

VC-backed companies raised

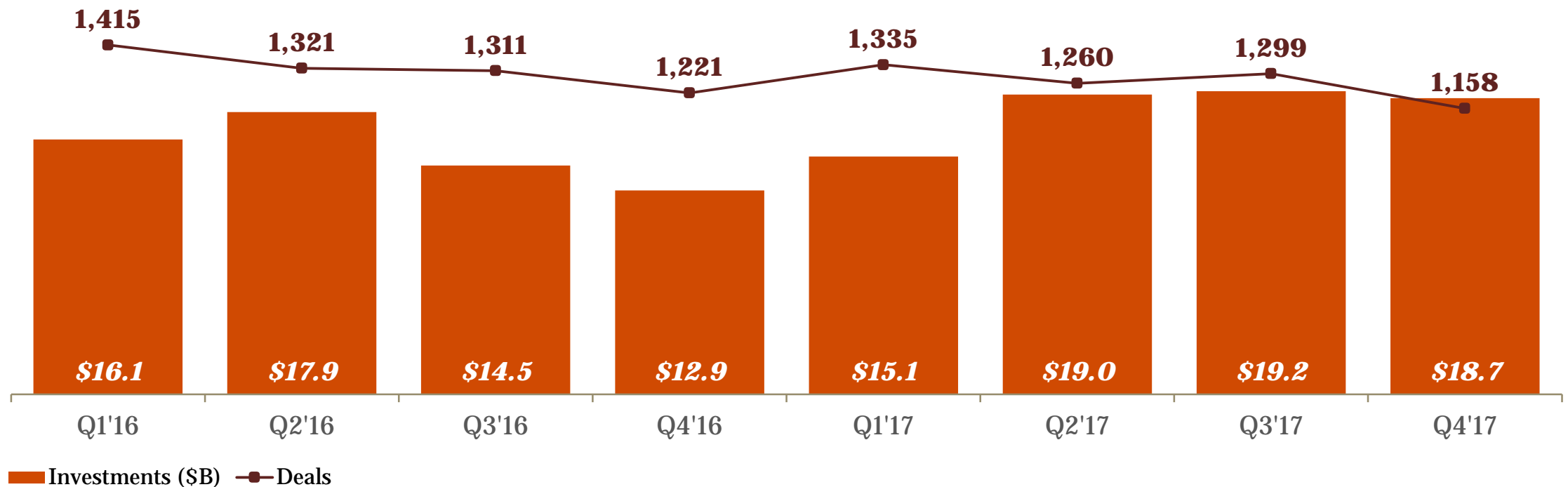
\$18.7B

8-quarter US financing trend



US deals slip in Q4'17, but funding remains steady, again driven by plentiful mega-rounds

- Deal activity receded 11% in Q4'17, as \$18.7B was invested across 1,158 deals. Funding was down slightly from the record high of Q3'17, but topped \$18B for the third consecutive quarter.
- 33 mega-rounds of \$100M or more added to the strong US quarterly funding total. This was up from 25 in Q3'17, and tied with Q2'17 for mega-round activity.

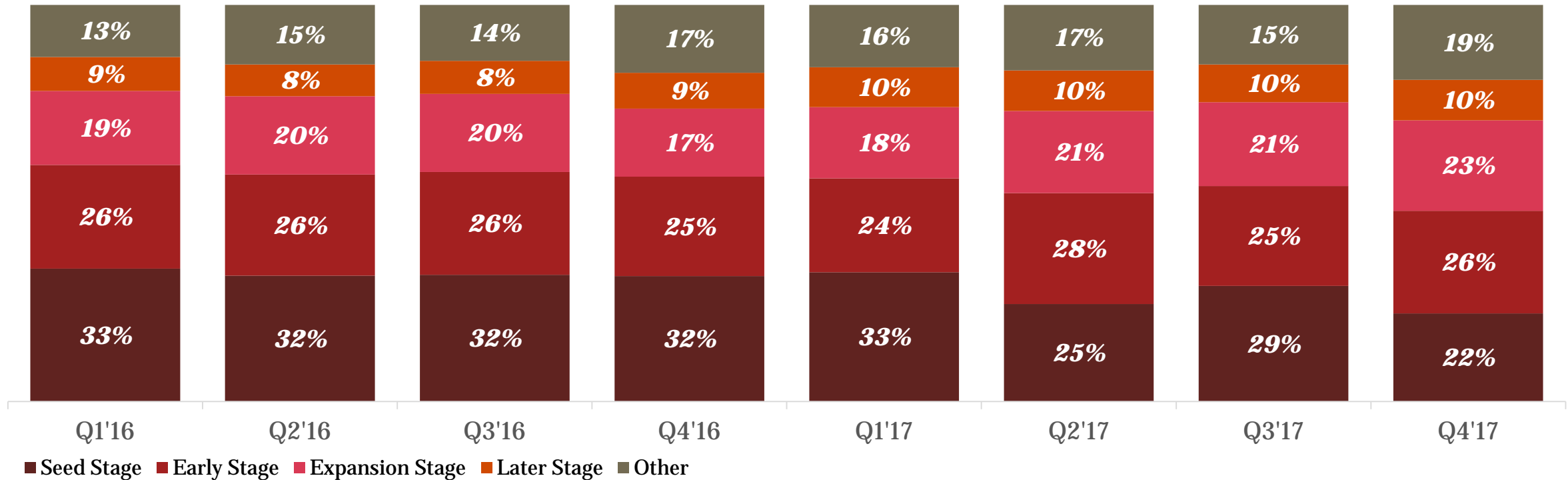


US deal share by stage



US seed activity crashes to 8-quarter low

- Seed activity as a proportion of all deals declined to 22% in Q4'17, the lowest percentage in 8 quarters. After consistently hovering around a third of deals from Q1'16 to Q1'17, seed share has not topped 30% in any quarter since.
- Expansion-stage deal share increased from 21% to 23% in Q4'17. Early-stage deal share ticked up a percentage point.

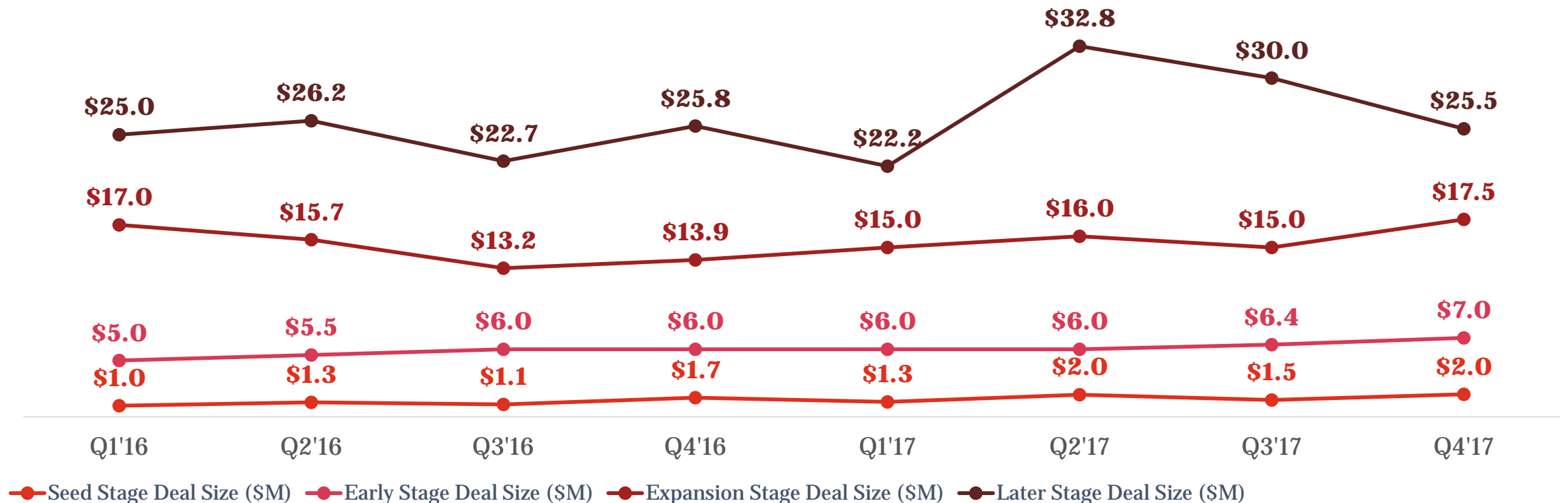


Median US deal sizes by stage



Expansion-, Early-, and Seed-stage deals all reach 8-quarter highs in Q4'17

- Later-stage median deal size declined to \$25.5M from \$30M the quarter before, in line with 2016 quarterly averages.
- Expansion-stage median deal sizes increased to \$17.5M, up from \$15M in Q3'17, hitting an 8-quarter high.
- Early-stage median deal sizes also reached an 8-quarter high of \$7M, while Seed-stage deals tied Q2'17 at \$2M.

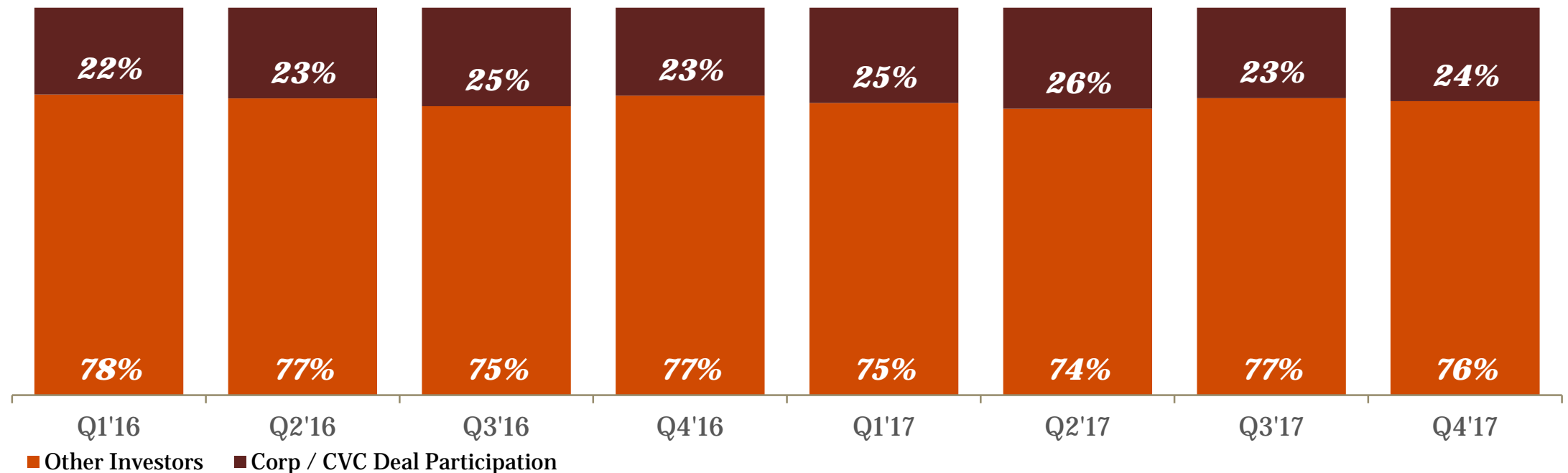


US corporate deal participation



Corporate participation ticks upwards

- Corporate participation in US deal activity increased by a percentage point in Q4'17 as corporations and CVCs were involved in 24% of all US deals to VC-backed companies.
- Corporate participation was lower in the back half of 2017 as compared to H1'17.

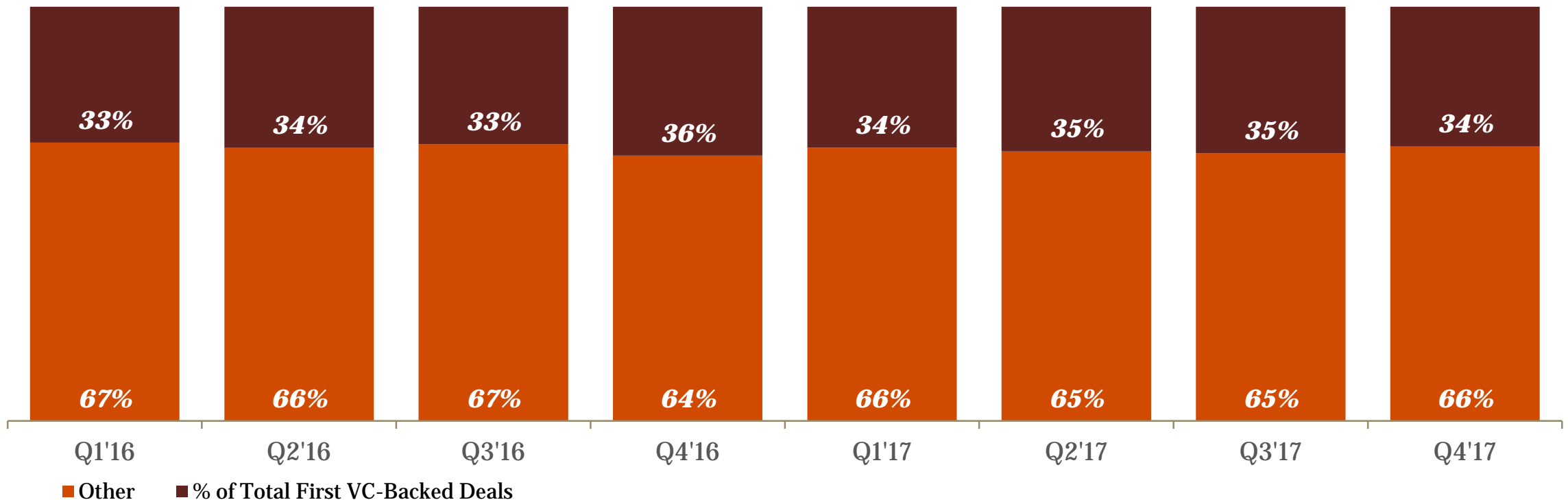


US first venture financing share (Quarterly)



Proportion of first venture rounds decline by a percentage point but remain in historical range

- In Q4'17, 34% of all US deals were first venture financings.
- Excepting Q4'16, first venture financings as a share of all US deals has remained in the 33-35% range since early 2016.

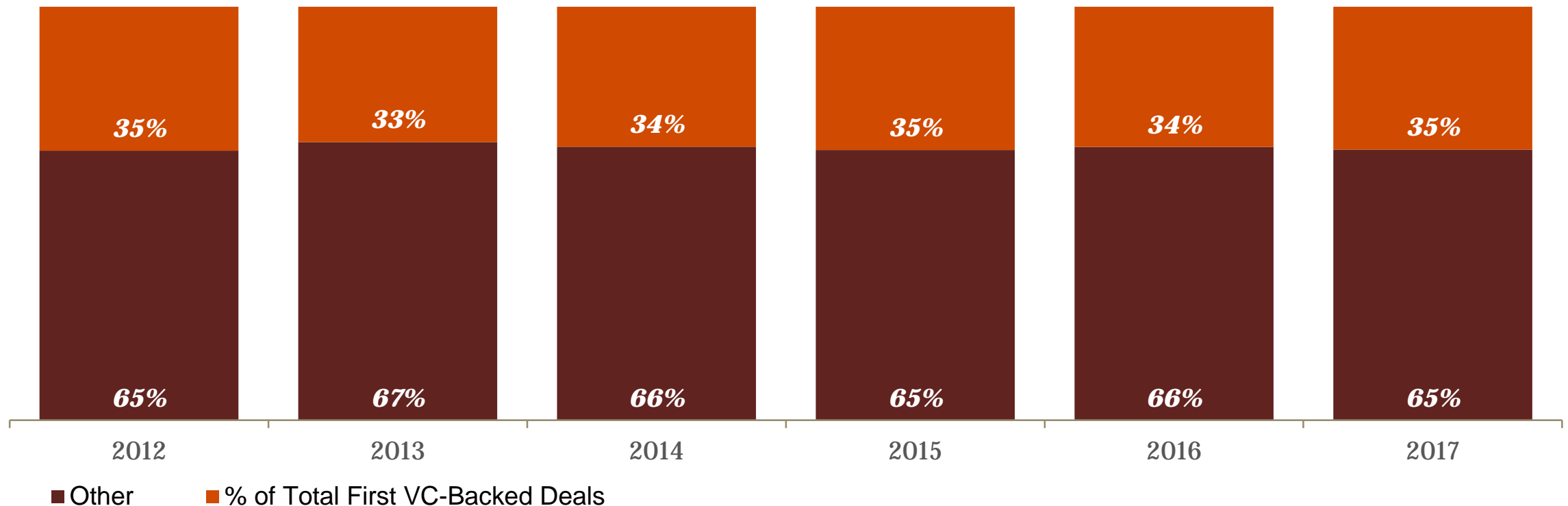


US first venture financing share (Annual)



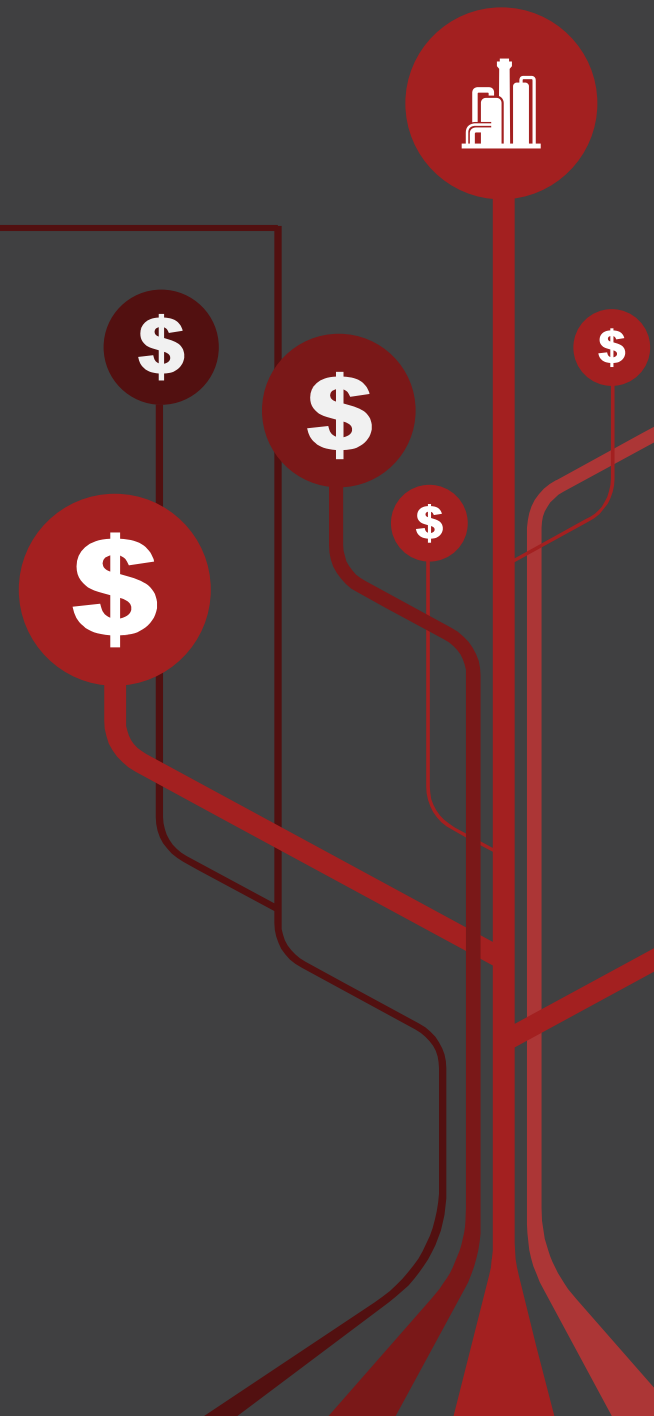
Annual proportion of first venture rounds increase 1 percentage point over 2016

- In 2017, 35% of all US deals were first venture financings, up from 34% in 2016.

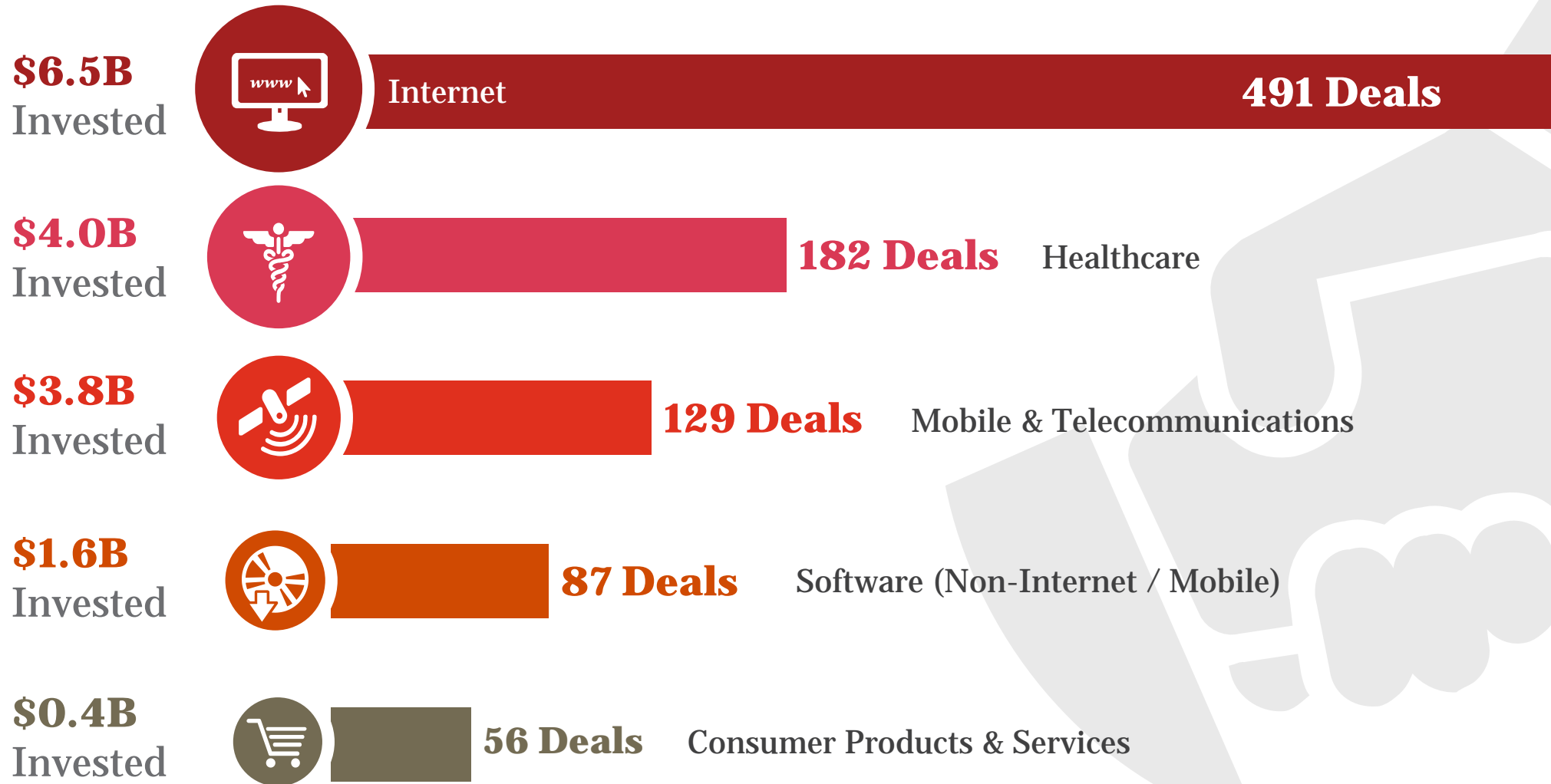


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US Sectors



US deals and funding by Top 5 sectors

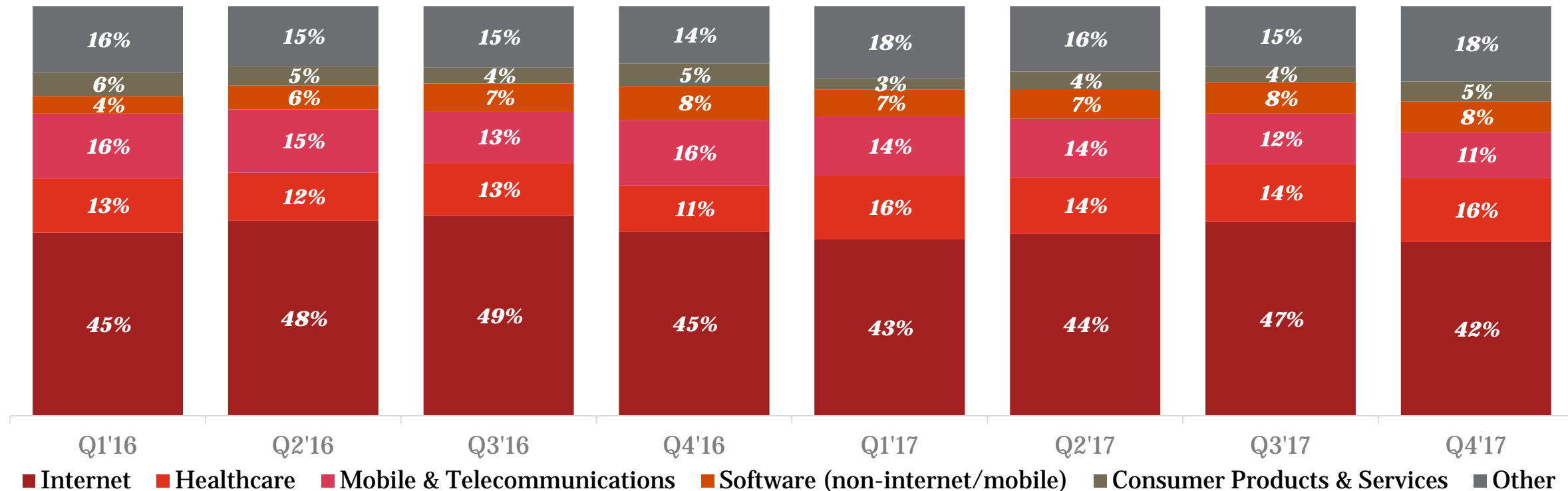


US deal share by sector

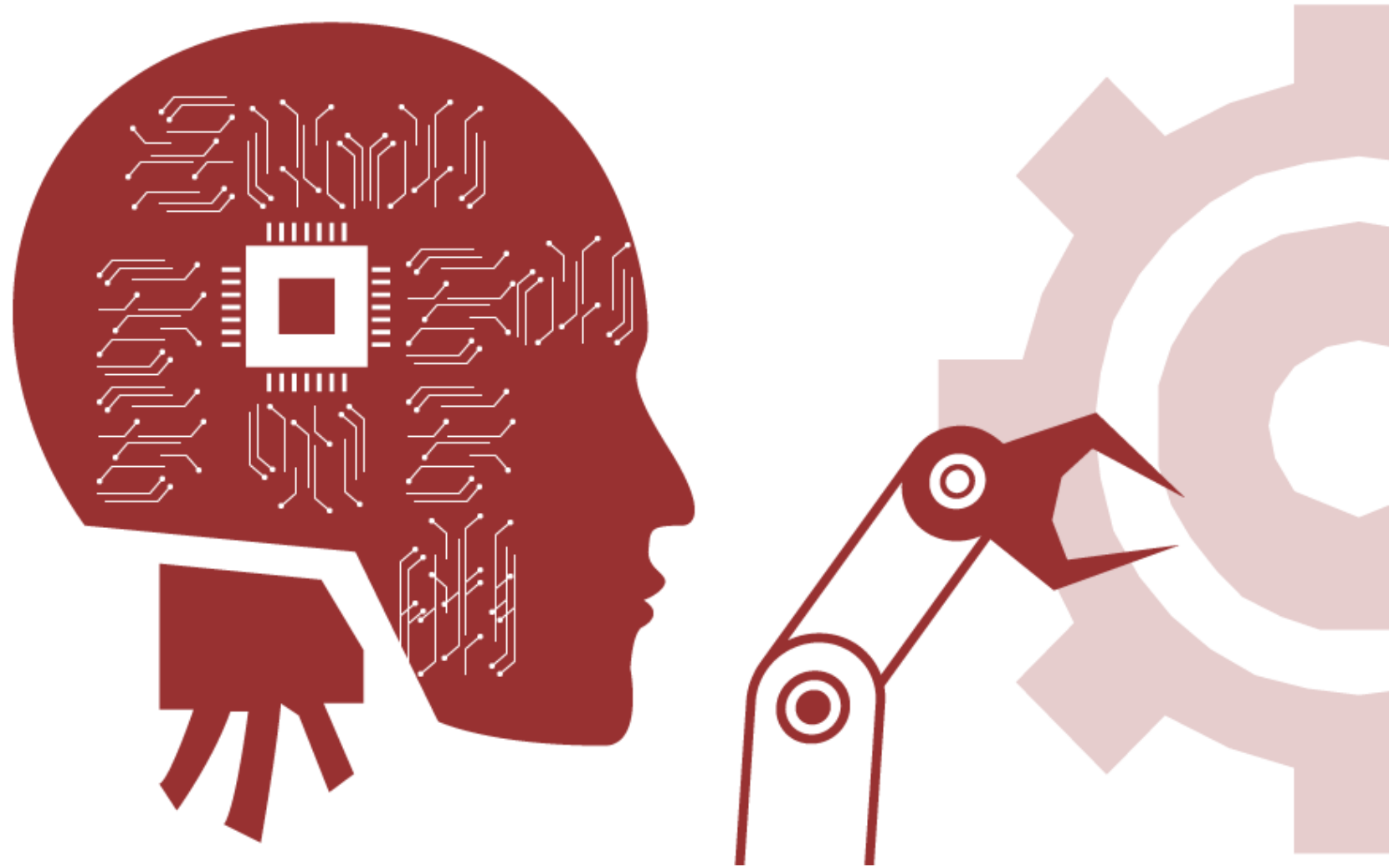


Internet deal share declines to 8-quarter low; Healthcare outpaces Mobile for second straight quarter

- Internet deal share decreased from 47% in Q3'17 to 42%, an 8-quarter low for the sector in the US market.
- Healthcare deal share increased from 14% in Q3'17 to 16% this quarter. Healthcare deal share was greater than Mobile & Telecom activity (traditionally the second largest slice of deal share) for full-year 2017.



Artificial Intelligence





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2017 was a record year for AI investment, each quarter exceeding \$1B in total funding. Q4 had two mega-rounds for AI (Lemonade & Uptake Technologies)

— **Anand Rao**, *Principal, Global Artificial Intelligence Leader at PwC*

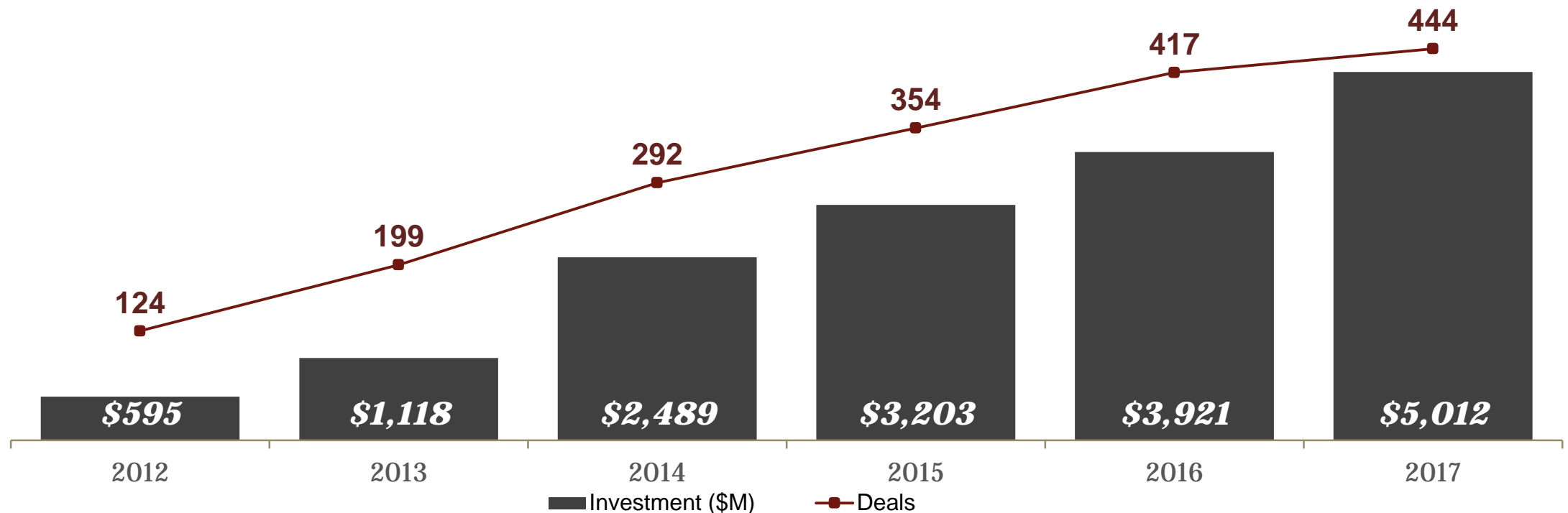
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AI: US annual funding



Full-year annual financing activity shows continued growth in AI investment

- Total annual funding for AI increased 28% from 2016, as the dollar figure topped \$5B for the first time.
- Deal activity also continued its climb to hit 444 deals in 2017, up 6% from the preceding year.

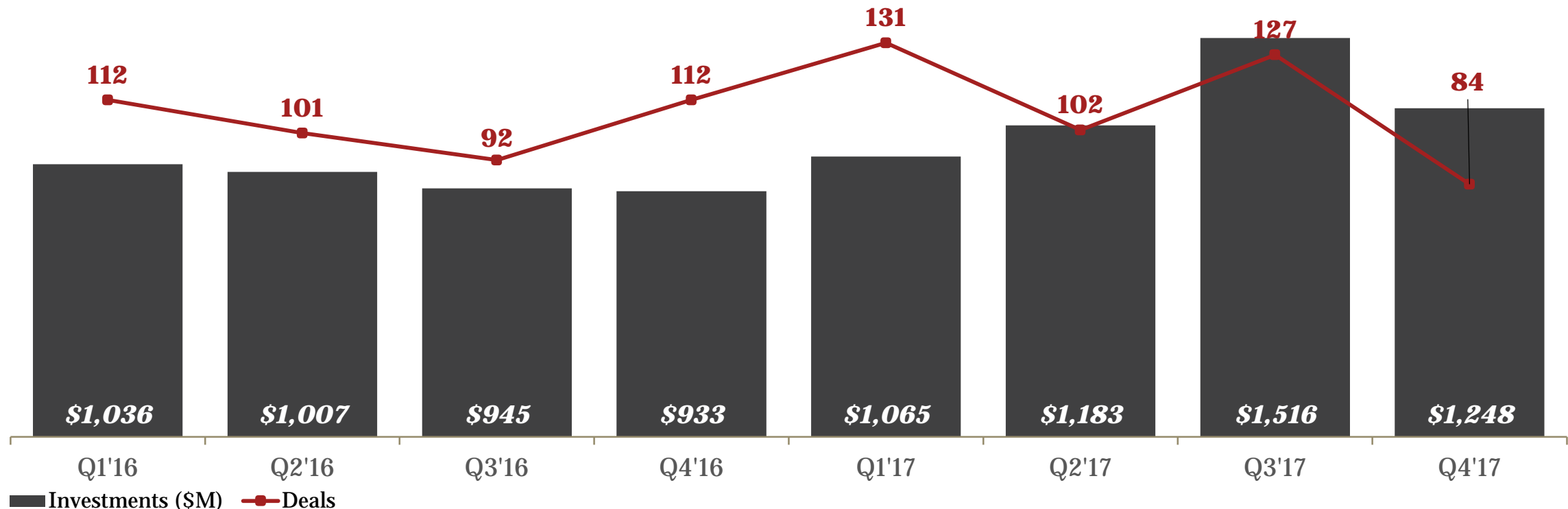


AI: US quarterly funding



US Artificial Intelligence funding tops \$1B every quarter in 2017

- Total quarterly funding to US AI companies reached \$1.2B in Q4'17, outranked only by Q3'17 in dollar terms. Deal activity declined by 34%, as only 84 deals were completed in Q4'17, down from 127 the quarter before.
- The strong total quarterly funding was led by investment rounds to companies such as Lemonade (\$120M Series C), Uptake Technologies (\$117M Series D), and Petuum (\$93M Series B).

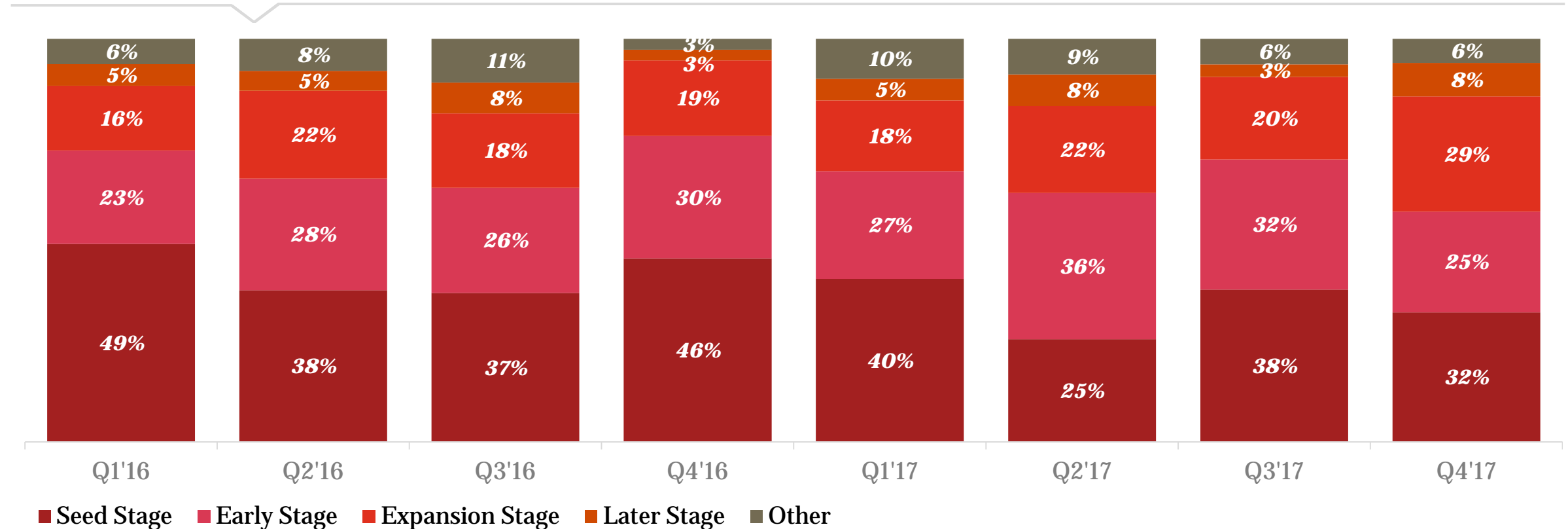


AI: US deal share over time



Expansion-stage deal share increases in Q4'17 as seed and early-stage activity declines

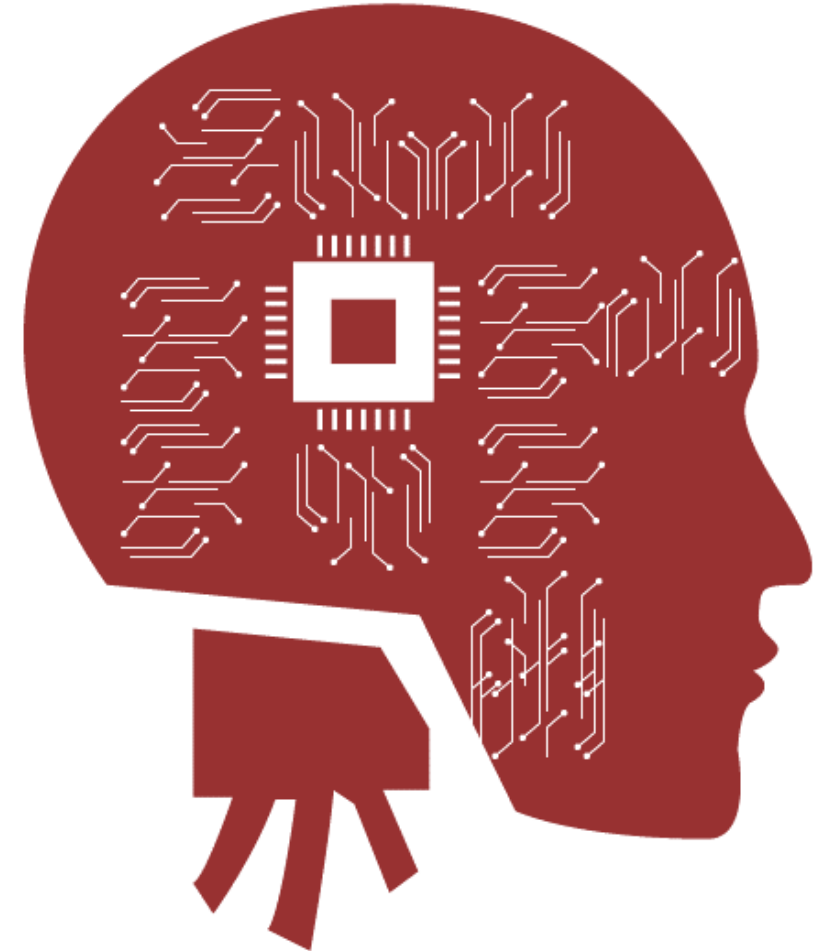
- Expansion-stage deals increased to 29% in Q4'17, up from 20% the previous quarter. Later-stage deals increased 5 percentage points.
- Seed stage deals declined to 32% of deal share from 38% the quarter prior. Early-stage deals also declined, decreasing to 25% in Q4'17, down from 32% in Q3'17.



AI: Top states by deals



 1. CA	42 deals \$524M Invested
 2. NY	13 deals \$200M Invested
 3. MA	6 deals \$110M Invested
 4. CO	5 deals \$81M Invested
 5. IL	4 deals \$122M Invested



AI: Largest US deals of Q4'17



Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
Lemonade	New York, NY	Internet	Internet Software & Services		\$120M	Google Ventures, Menlo Ventures, Sequoia Capital, SoftBank Group
Uptake Technologies	Chicago, IL	Software (non-internet / mobile)	Biz Intelligence & Analytics		\$117M	Baillie Gifford & Co., GreatPoint Ventures, Revolution
Petuum	Pittsburgh, PA	Software (non-internet / mobile)	Scientific, Engineering Software		\$93M	Advantech Capital Partners, SoftBank Group
Recursion Pharmaceuticals	Salt Lake City, UT	Healthcare	Biotechnology		\$60M	Advantage Capital Partners, Data Collective
Feedzai	San Mateo, CA	Software (non-internet / mobile)	Security Software		\$50M	Capital One Growth, Citi Ventures



Cybersecurity





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2017 was a record year for Cybersecurity funding, with total investments exceeding \$3.6B. 2017 also saw the most mega-rounds in Cybersecurity, with seven companies receiving \$100M+ in funding.

— **Sean Joyce**, *Principal, US Cybersecurity Leader at PwC*

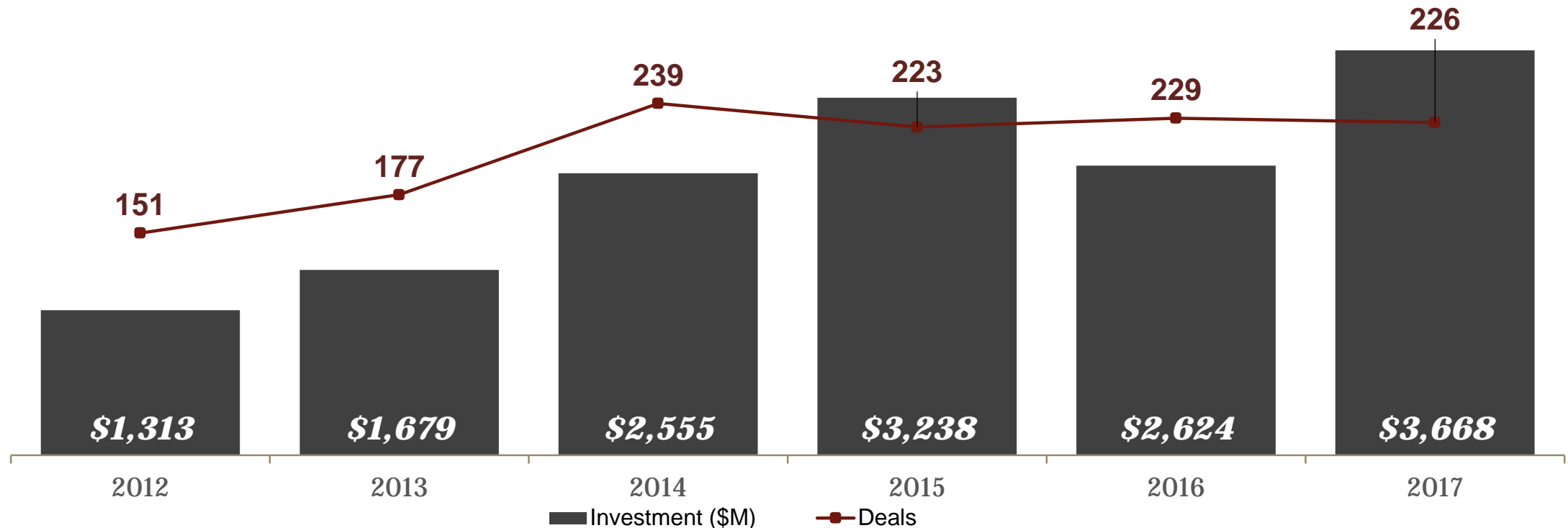
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Cybersecurity: US annual funding



Cybersecurity funding increases in 2017, deal activity flat from 2016

- Total annual funding to US Cybersecurity companies increased 40% in 2017, despite 3 fewer deals occurring.
- 2017's total funding of over \$3.7B tops the \$3.2B seen in 2015 for an annual high.

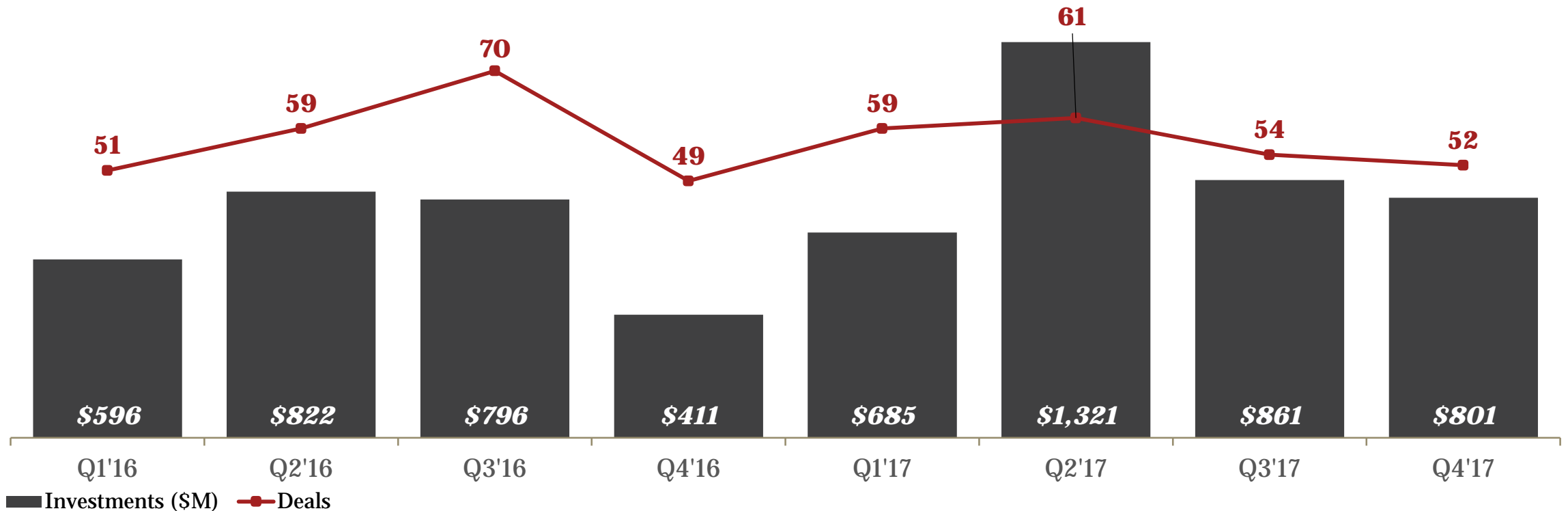


Cybersecurity: US quarterly funding



Cybersecurity financing activity flattens in the fourth quarter

- Deals and dollars to US Cybersecurity companies flattened in Q4'17, with \$801M invested across 52 deals.
- Only one mega-round over \$100M was recorded; the next largest round was \$70M. Quarterly funding surpassed \$800M for the third consecutive quarter.

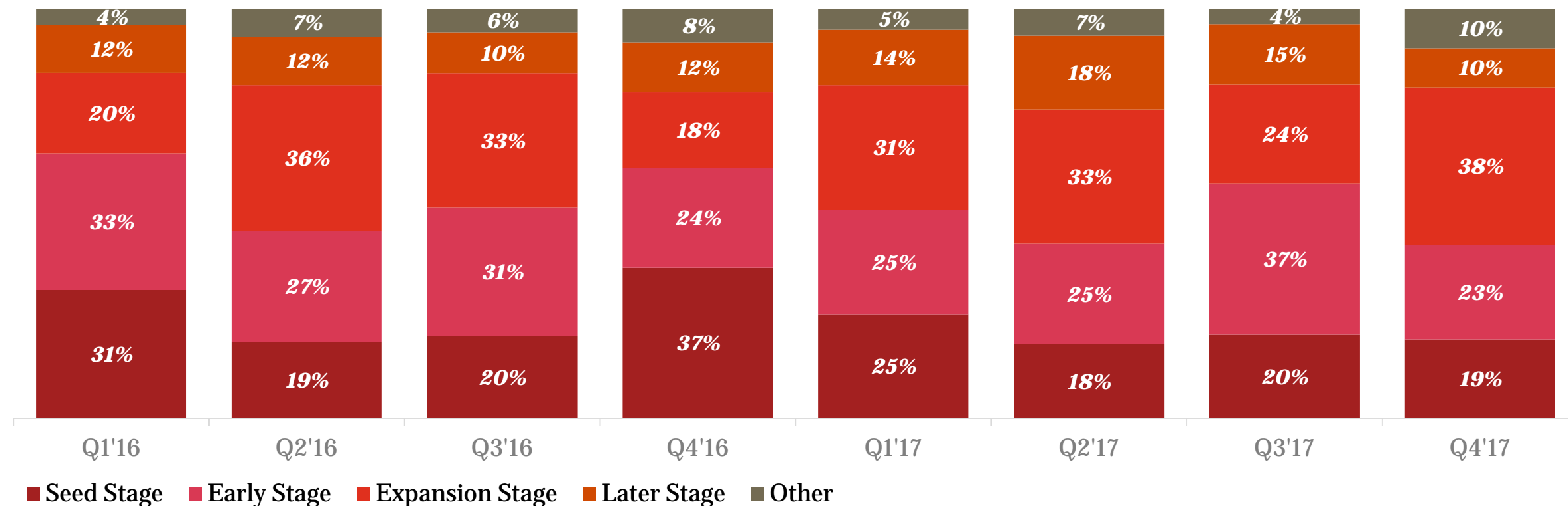


Cybersecurity: US deal share over time



Expansion-stage deal share grows significantly

- Expansion-stage deal share increased to 38% of US Cybersecurity investments in Q4'17, up from 24% in Q3'17, and the highest mark this year.
- Early-stage deal share declined from 37% to 23% this quarter.



Cybersecurity: Top states by deals



1. CA

24 deals

\$506M Invested

2. MA

7 deals

\$69M Invested

3. NY

4 deals

\$39M Invested

4. FL

3 deals

\$32M Invested



Cybersecurity: Largest US deals of Q4'17



Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
Skybox Security	San Jose, CA	Software (non-internet/mobile)	Security Software		\$150M	CVC Capital Partners, Pantheon Ventures
Duo Security	Ann Arbor, MI	Internet	Internet Software & Services		\$70M	Index Ventures, Lead Edge Capital, True Ventures
Feedzai	San Mateo, CA	Software (non-internet/mobile)	Security Software		\$50M	Capital One Growth Ventures, Citi Ventures
BitGo	Palo Alto, CA	Internet	Internet Software & Services		\$43M	Valor Equity Partners, Bridgescale Partners
Menlo Security	Palo Alto, CA	Internet	Internet Software & Services		\$40M	American Express Ventures, Ericsson Ventures, Sutter Hill Ventures



Genomics





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Genomics companies received record funding in 2017 at \$2.5B. Companies focusing on Disease Diagnosis received a majority of the total funding this year (\$1.7B), followed by Biotechnology (\$550M).

— **Laura Robinette**, *Partner, US Pharmaceuticals and Life Sciences Assurance Leader at PwC*

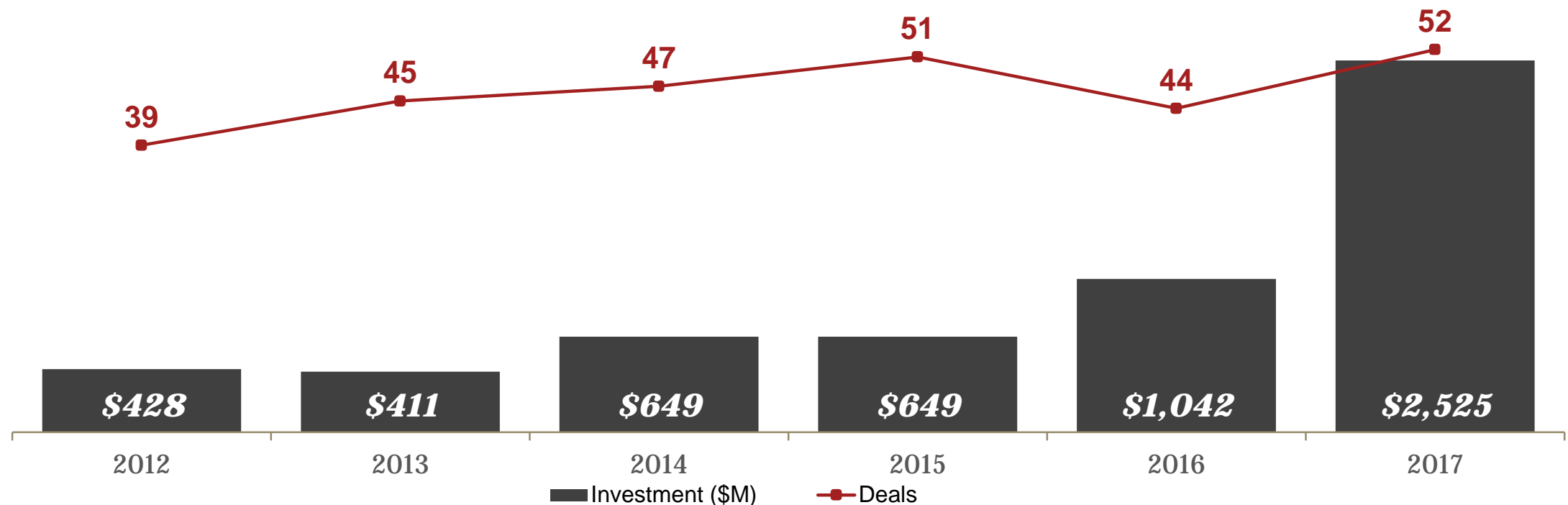
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Genomics: US annual funding



US Genomics funding nearly doubles to annual high of over \$2.5B

- Total annual funding to US Genomics companies jumped 142% to over \$2.5B, more than the previous three years combined.
- A nearly \$1B mega-round in Q1'17 propelled this total, while deal activity also ticked upward.

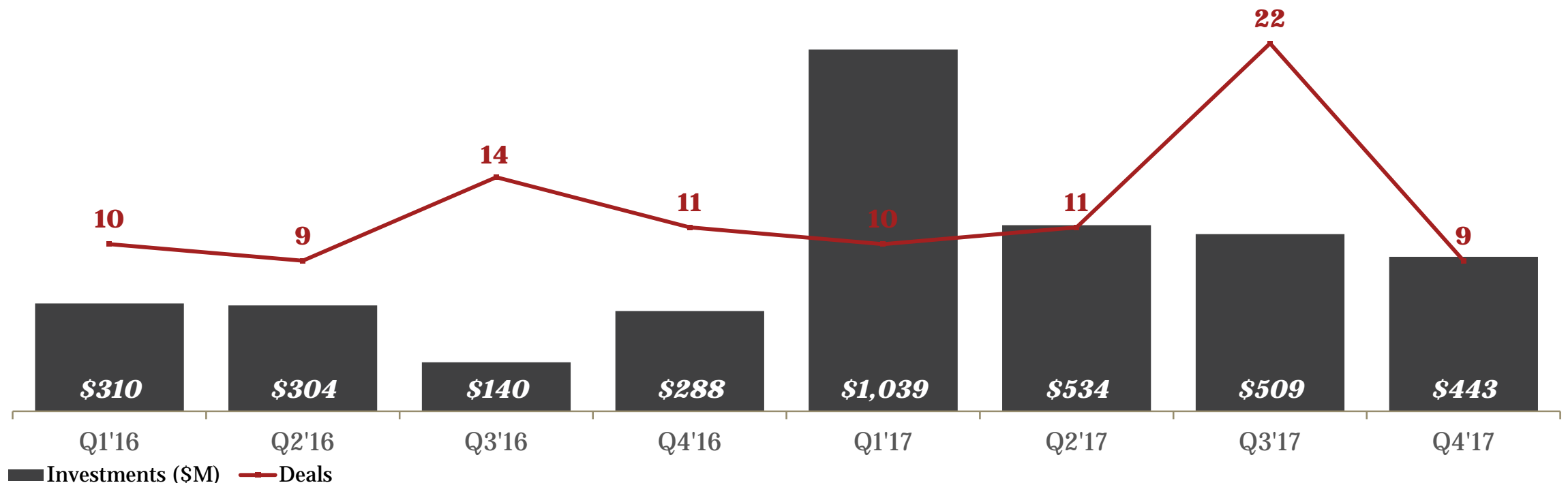


Genomics: US quarterly funding



Genomics funding remains steady, deal activity dips from Q3'17 peak

- Funding remained fairly steady, as US Genomics companies received \$443M in Q4'17, down from half a billion dollars through each of the second and third quarters of 2017. A \$200M+ mega-round contributed the bulk of Q4'17 quarterly funding.
- Deal activity declined from the spike of 22 deals in Q3'17 to 9 deals in Q4'17.

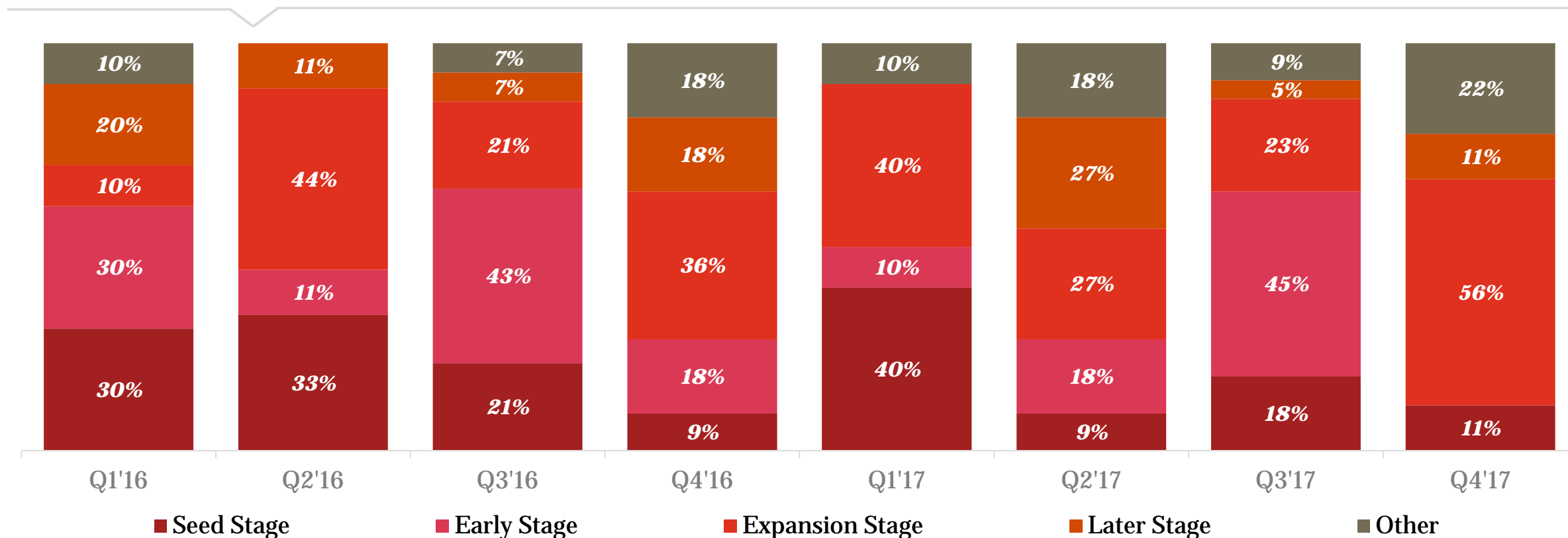


Genomics: US deal share over time



Expansion stage deals account for majority of quarterly investment

- Expansion-stage deals accounted for more than half of the 9 US Genomics investments in Q4'17.



Genomics: Top states by deals



1. CA

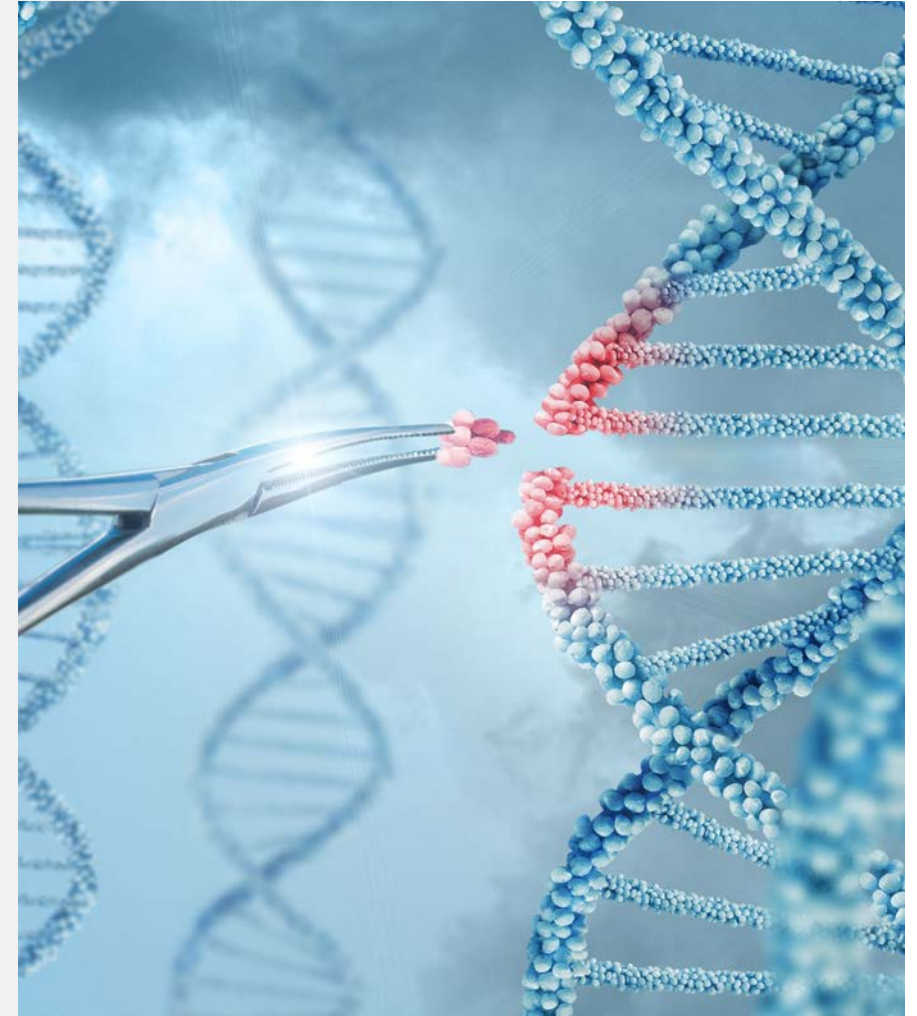
3 deals
\$356M Invested

2. MD

1 deal
\$65M Invested






3. GA

1 deal
\$10M Invested



Genomics: Largest US deals of Q4'17

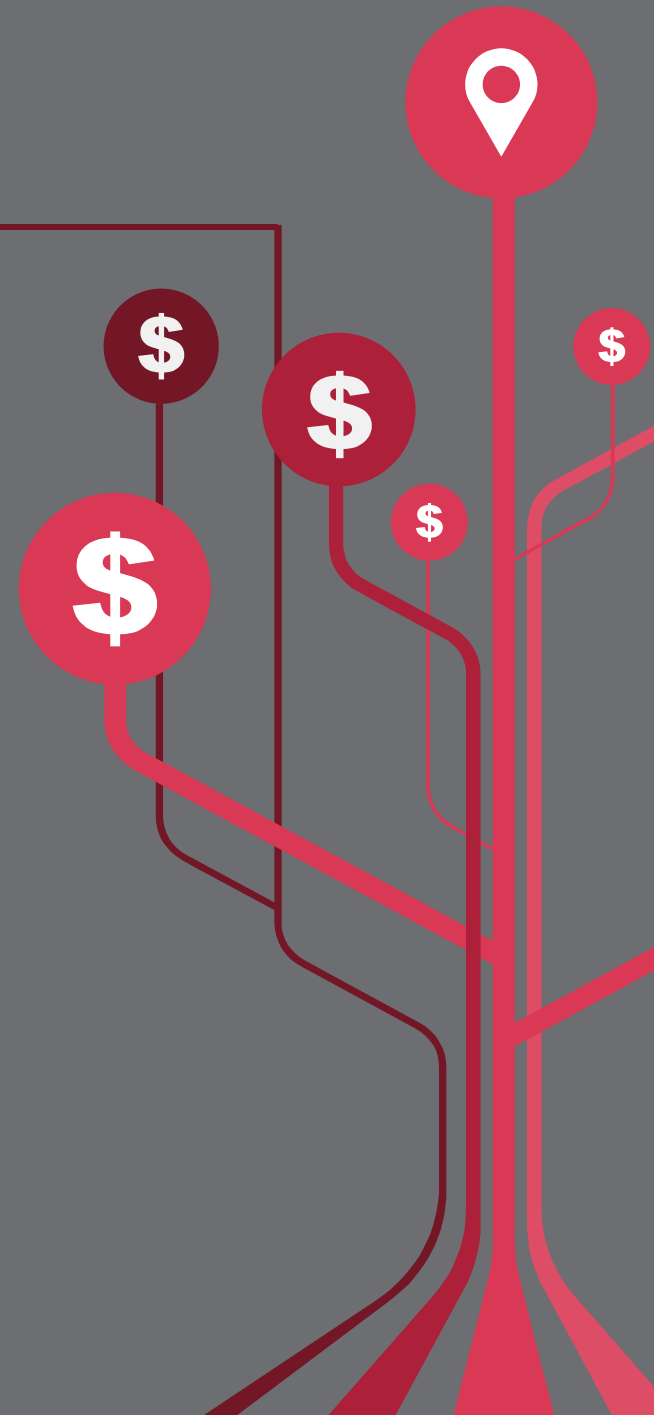


Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
GRAIL	Menlo Park, CA	Healthcare	Disease Diagnostics		\$238M	ARCH Venture Partners, Kleiner Perkins Caufield & Byers
Counsyl	South San Francisco, CA	Internet	Internet Software & Services		\$80M	Perceptive Advisors
Personal Genome Diagnostics	Baltimore, MD	Healthcare	Biotechnology		\$65M	New Enterprise Associates
Color Genomics	Burlingame, CA	Healthcare	Disease Diagnosis		\$37M	BlackRock, General Catalyst
Prelude Fertility	Atlanta, GA	Healthcare	Medical Facilities & Services		\$10M	Khosla Ventures

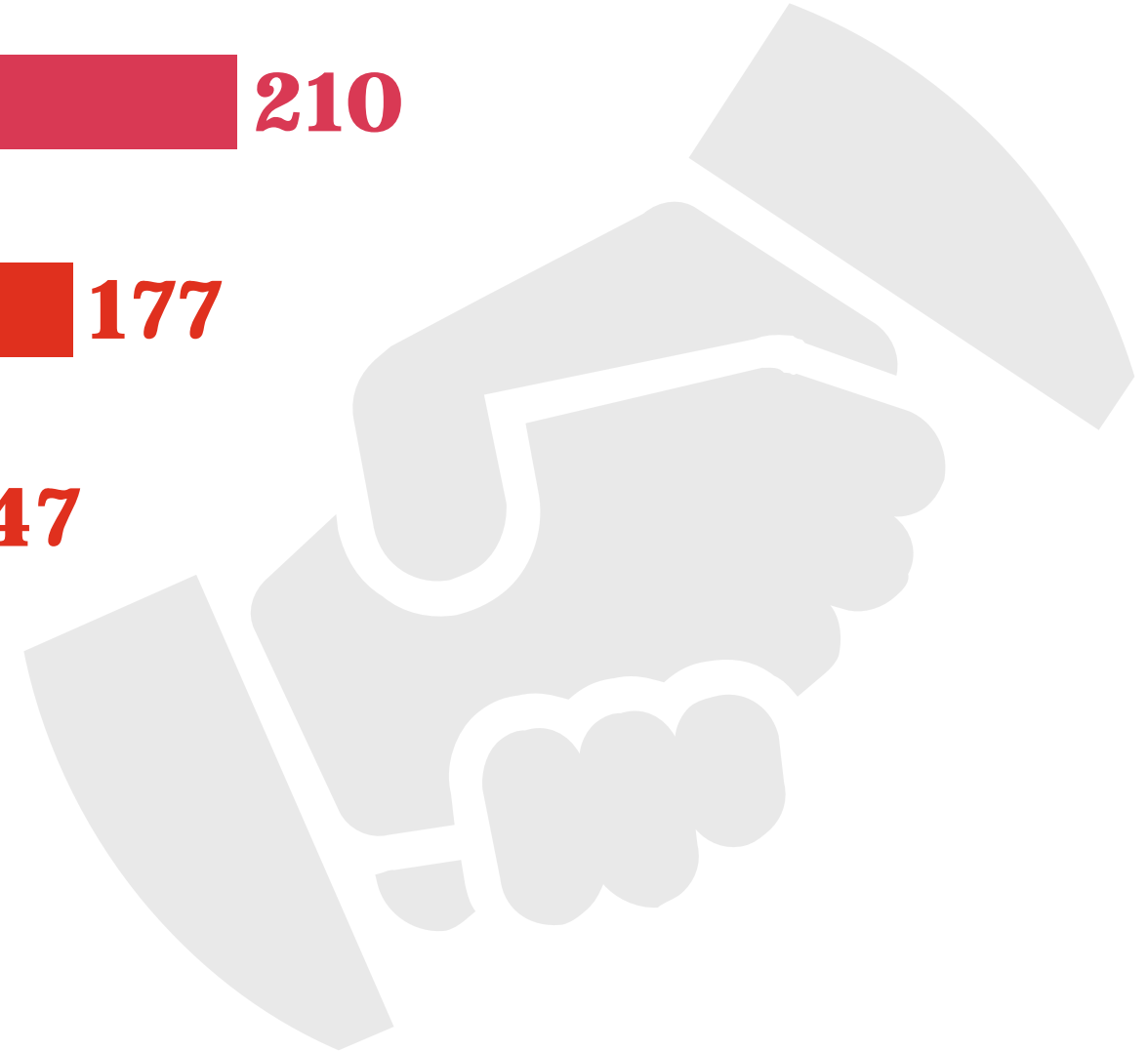
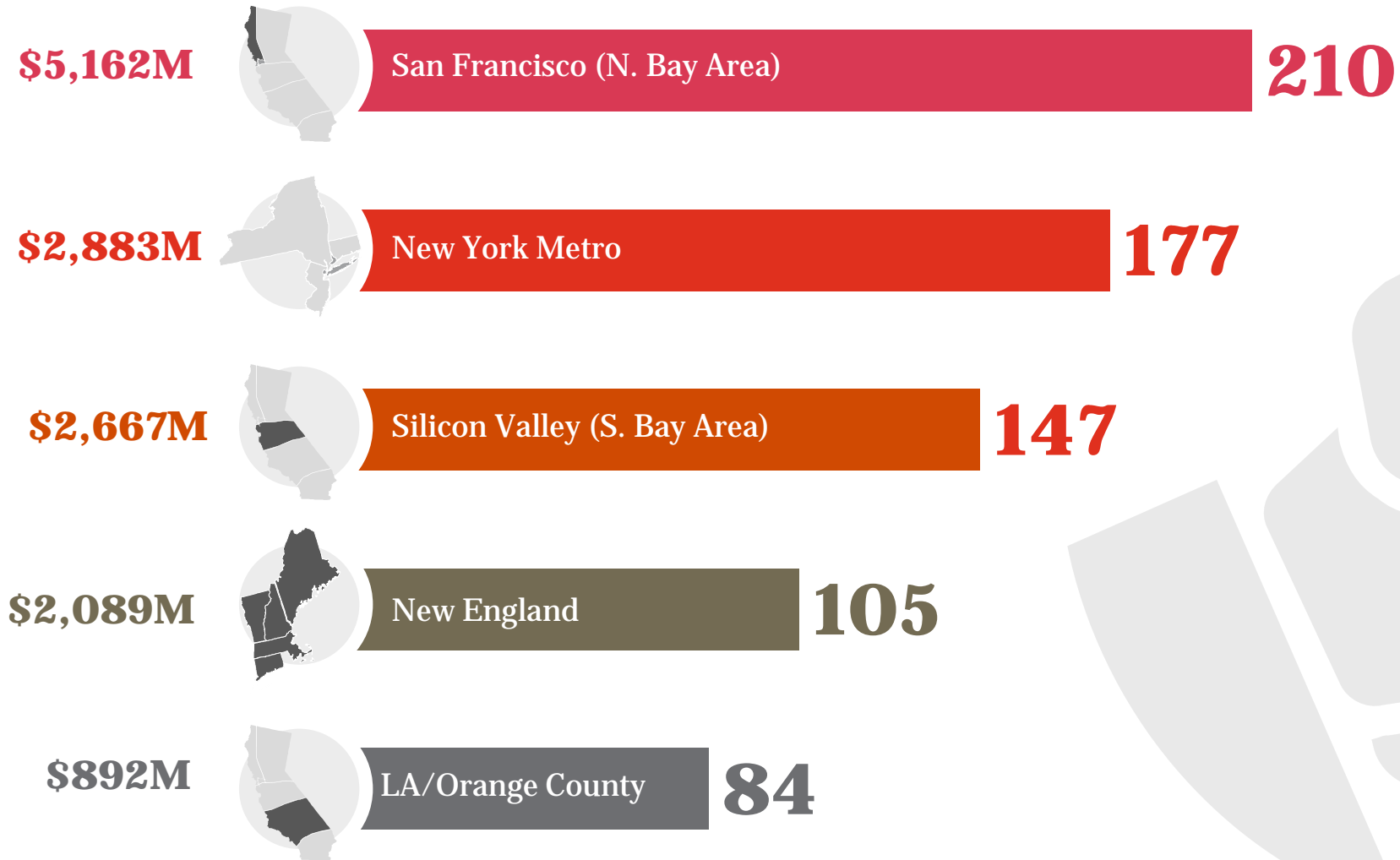


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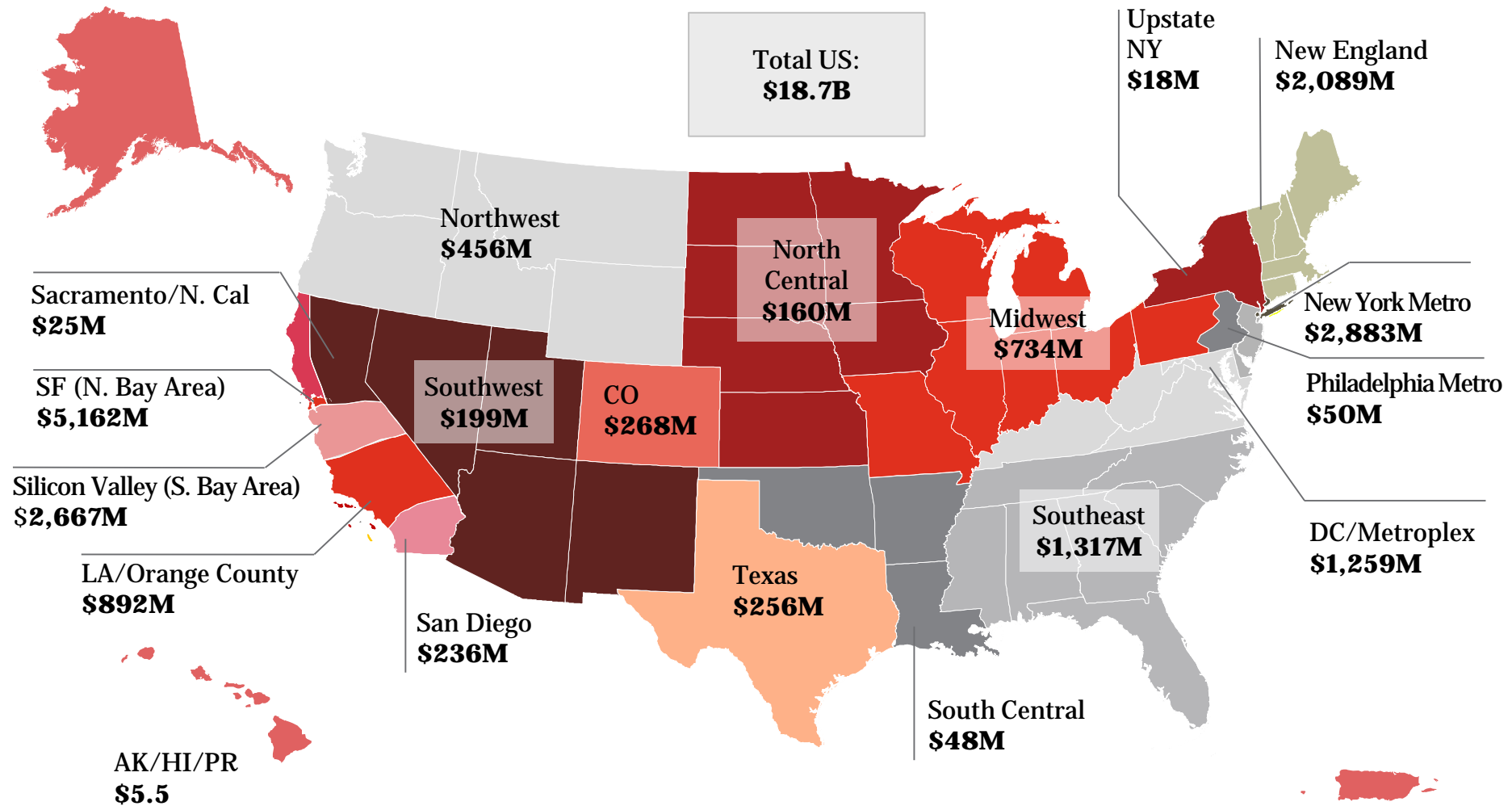
US Places



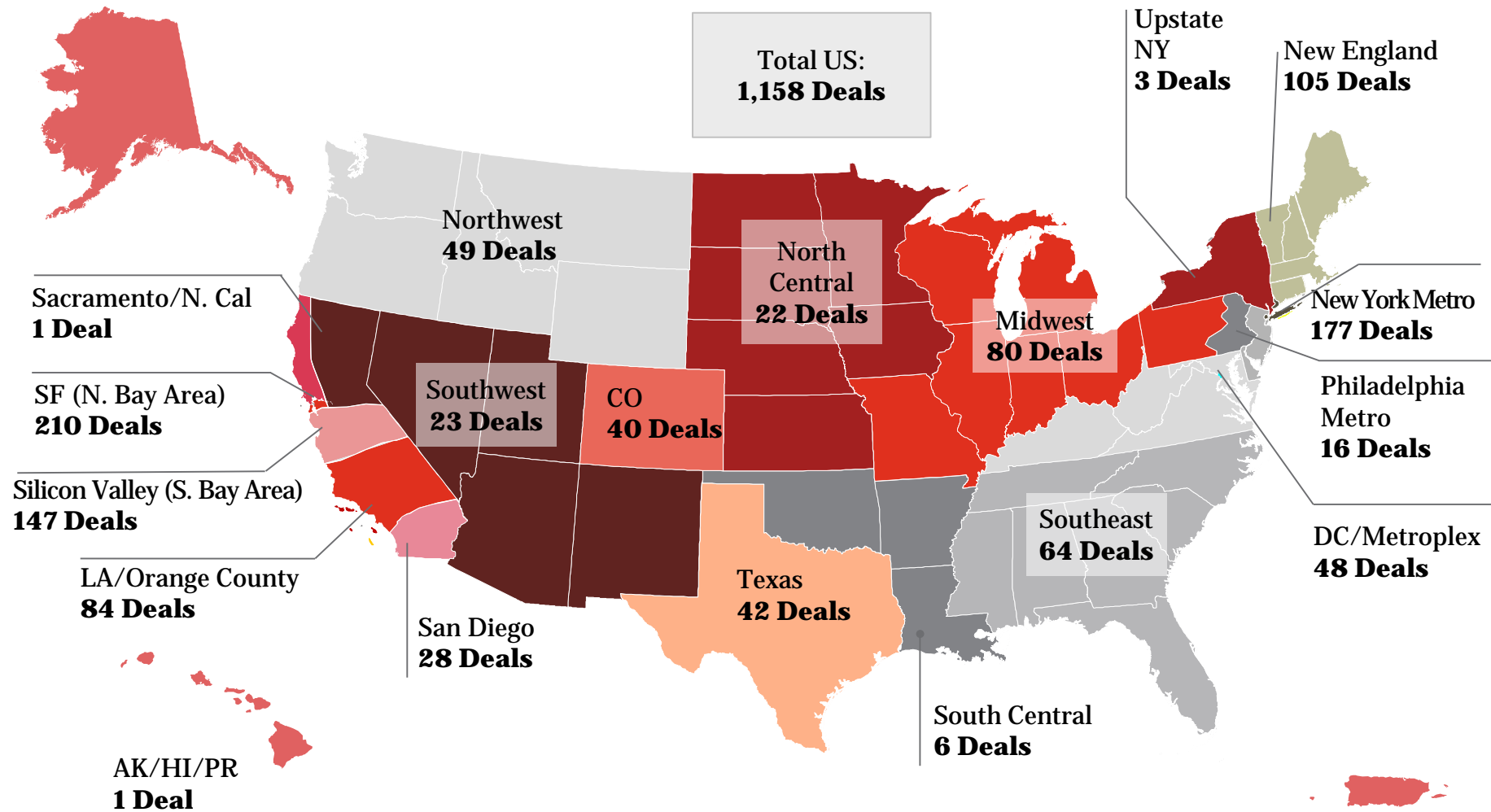
US top five regions of Q4'17 by deals



US: Q4'17 funding by region



US: Q4'17 deals by region





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San Francisco continued to be the region with the highest annual funding level at \$17.1bn in 2017 despite seeing decreases in annual funding for VC-backed companies in both deal count (-12%) and investment amounts (-8%) from 2016.

— **Danny Wallace**, *Partner, US Emerging Company Services Co-leader at PwC*

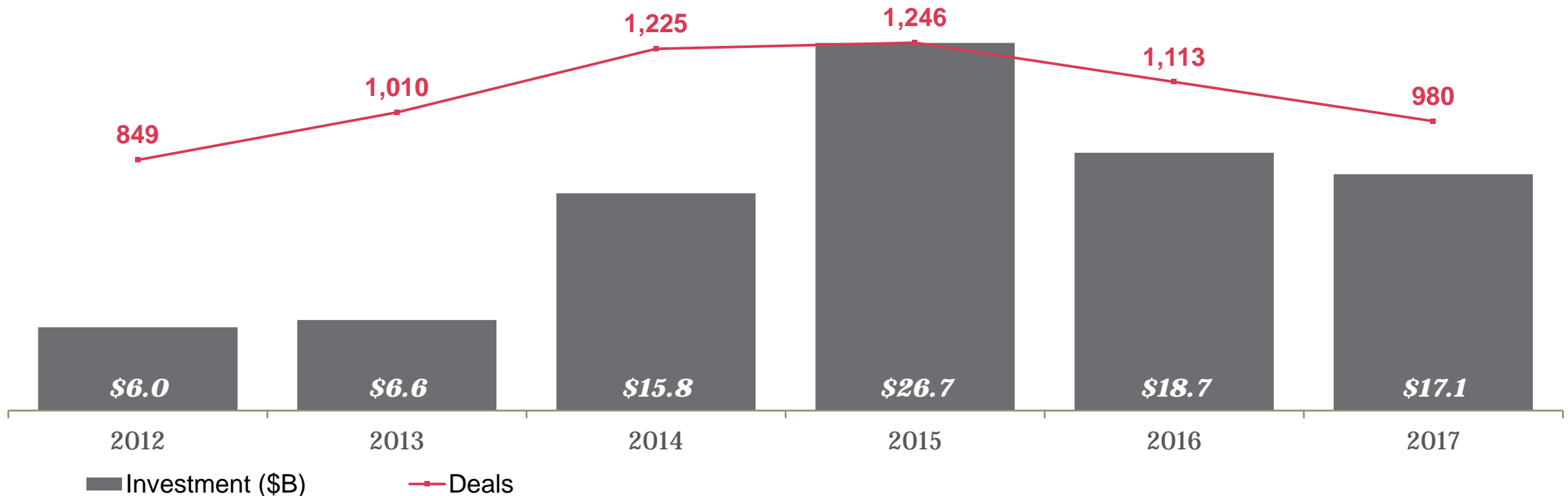
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Annual financing trend: San Francisco (North Bay Area)



San Francisco deals and dollars are down in 2017

- Funding activity in San Francisco declined by 8% in 2017 compared to 2016, as \$17B was invested across 980 deals.
- Deal activity declined by 12% over the same time period.

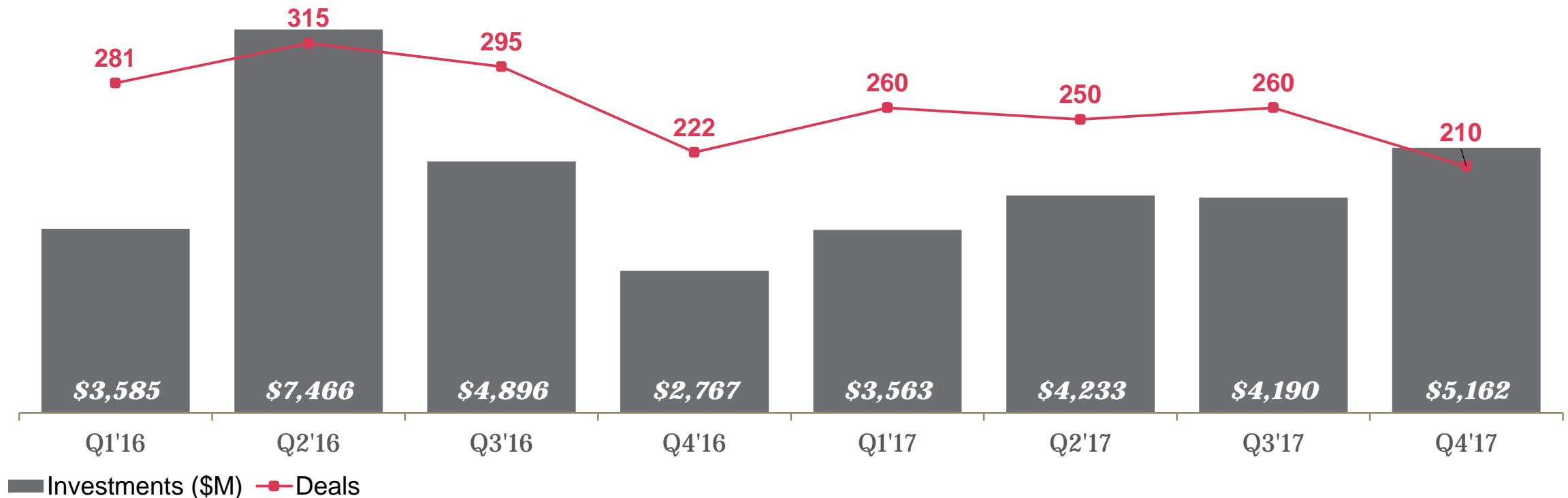


8-quarter financing trend: San Francisco (North Bay Area)



Q4'17 San Francisco funding surges even as deal activity declines

- Total quarterly funding to San Francisco-based companies increased 23% in Q4'17 reaching \$5.2B.
- Deal activity declined 19% over the same period, decreasing from 260 deals in Q3'17 to 210 deals this past quarter as deal volume and seed-stage deals have declined across the industry.



New York Metro



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New York Metro Region received over \$11.5B in funding in 2017. 12 NY Metro companies raised over \$100M this year, with WeWork leading the way (\$2.76B raised across 3 deals).

— ***David Silverman**, Partner, US Emerging Company Services Co-leader
at PwC*

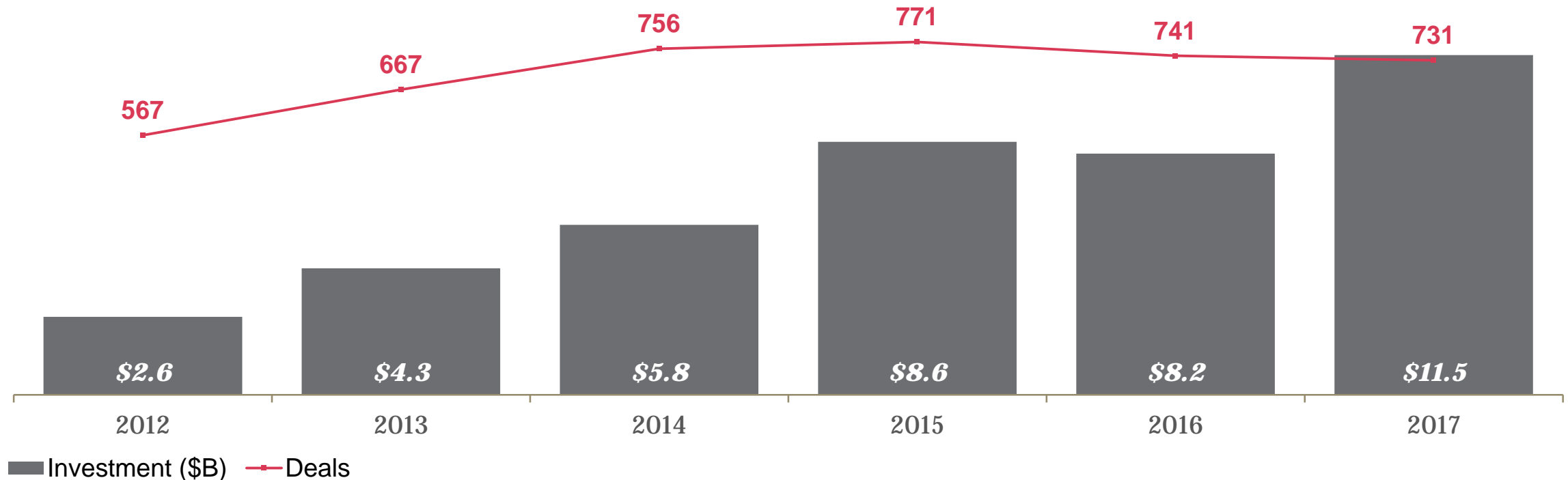
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Annual financing trend: New York Metro



New York funding activity has up year, despite flattening in deal activity

- Funding to New York-based VC-backed companies increased by 41% in 2017, despite 10 fewer deals occurring.

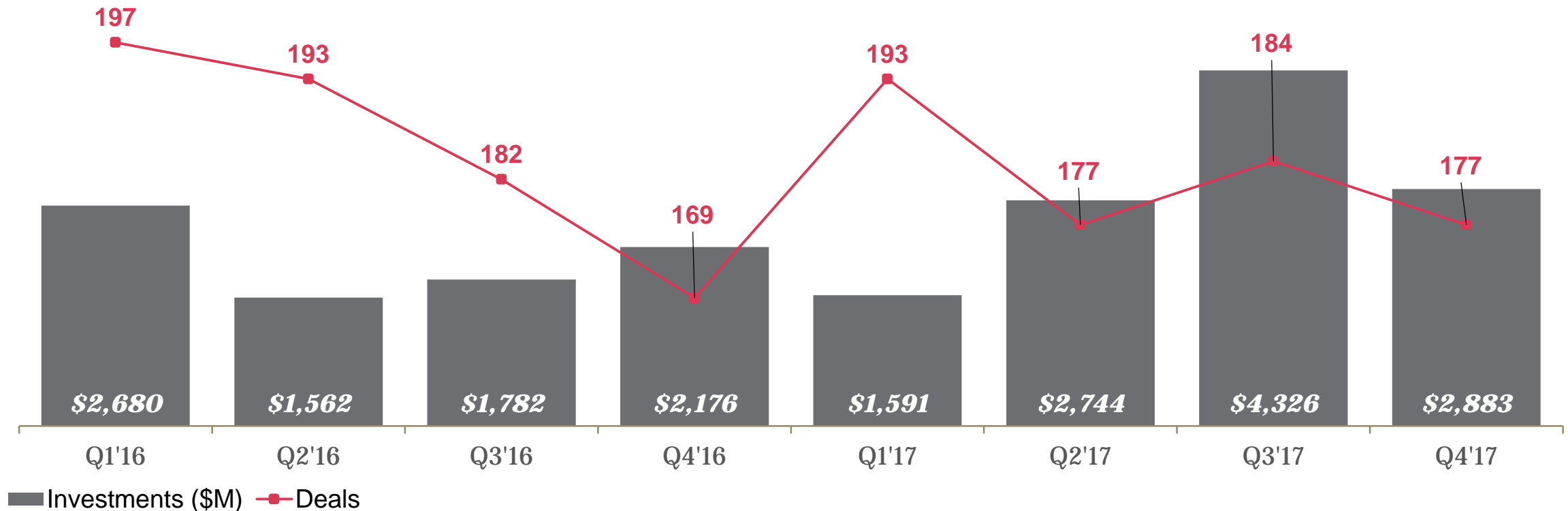


8-quarter financing trend: New York Metro



Deals and dollars return to Q2'17 levels in the fourth quarter

- Deal activity in the New York Metro area declined from 184 deals in Q3'17 to 177 deals this past quarter.
- Absent the \$2B+ funding to WeWork in Q3'17, total quarterly funding declined by 33%. 7 mega-rounds of \$100M or more were recorded this quarter however, compared to 4 in Q3'17.



Silicon Valley



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Silicon Valley venture-backed startups received the most funding ever in 2017 (surging 57% to \$12.1B) while deal activity was down slightly (-5%) from 2016.

— ***Kathleen Borie***, *Director, US Emerging Company Services*
at PwC

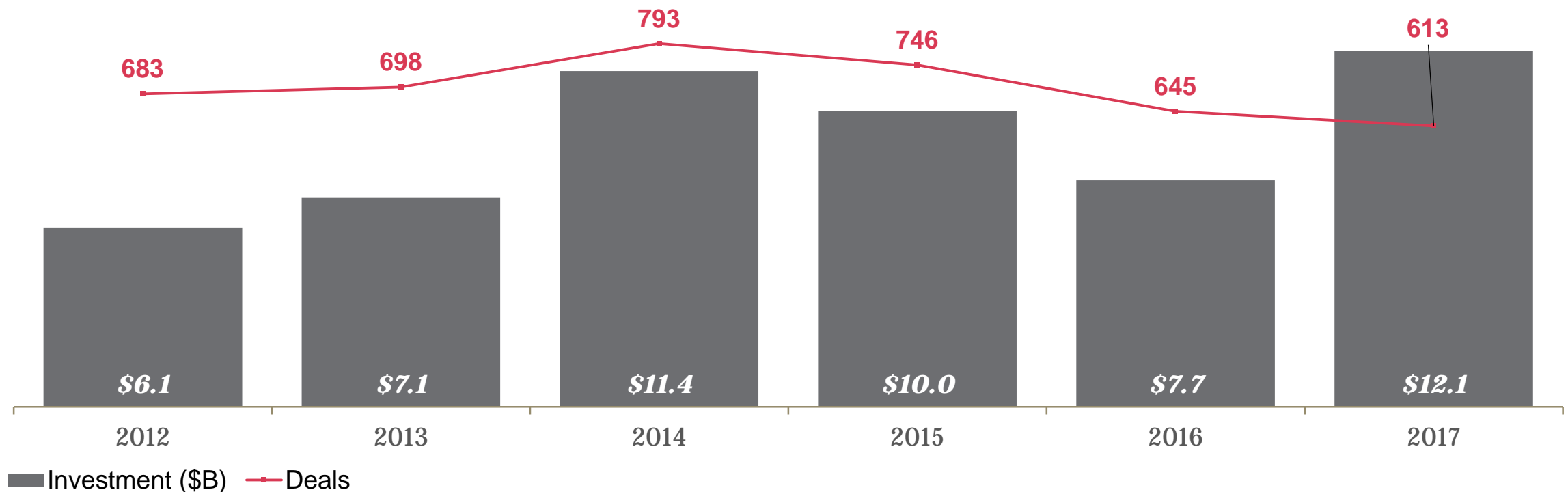
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Annual financing trend: Silicon Valley (South Bay Area)



Funding to Silicon Valley companies increases in 2017

- Funding to Silicon Valley-based VC-backed companies increased by 57% in 2017, as \$12.1B was invested across 613 deals. Deal activity declined by 5%.

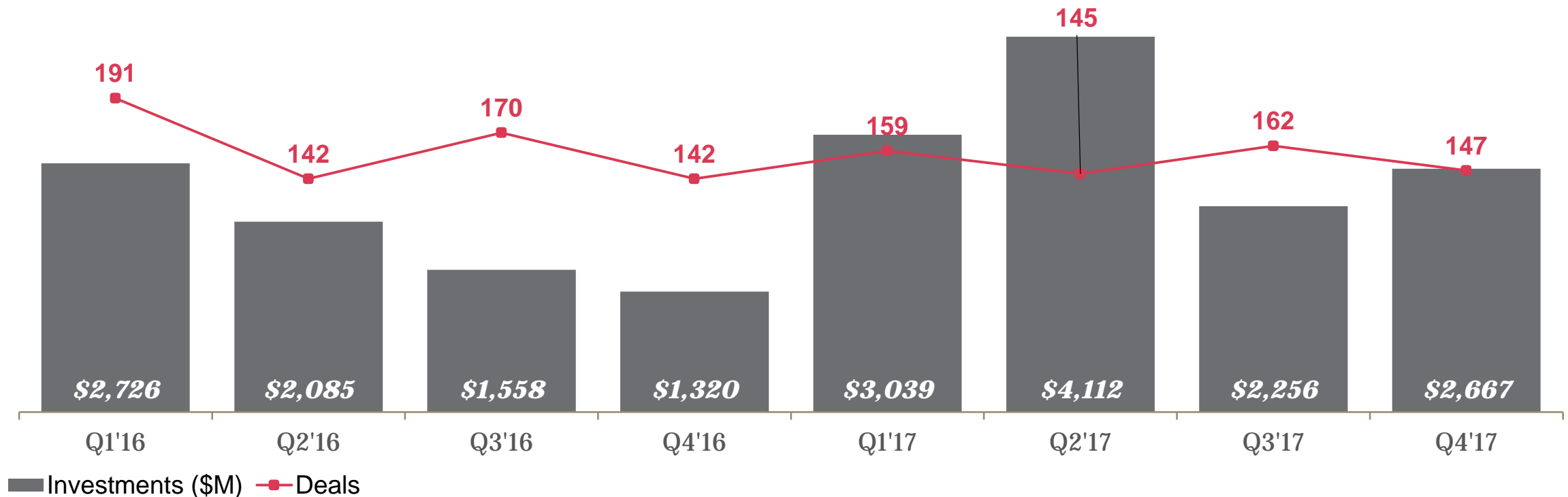


8-quarter financing trend: Silicon Valley (South Bay Area)



Silicon Valley deal activity decreases as quarterly funding grows

- Deals activity decreased to 147 in Q4'17, down from 162 in Q3'17.
- Total quarterly funding increased by 18%, to reach \$2.7B, with 4 mega-rounds of \$100M or more.

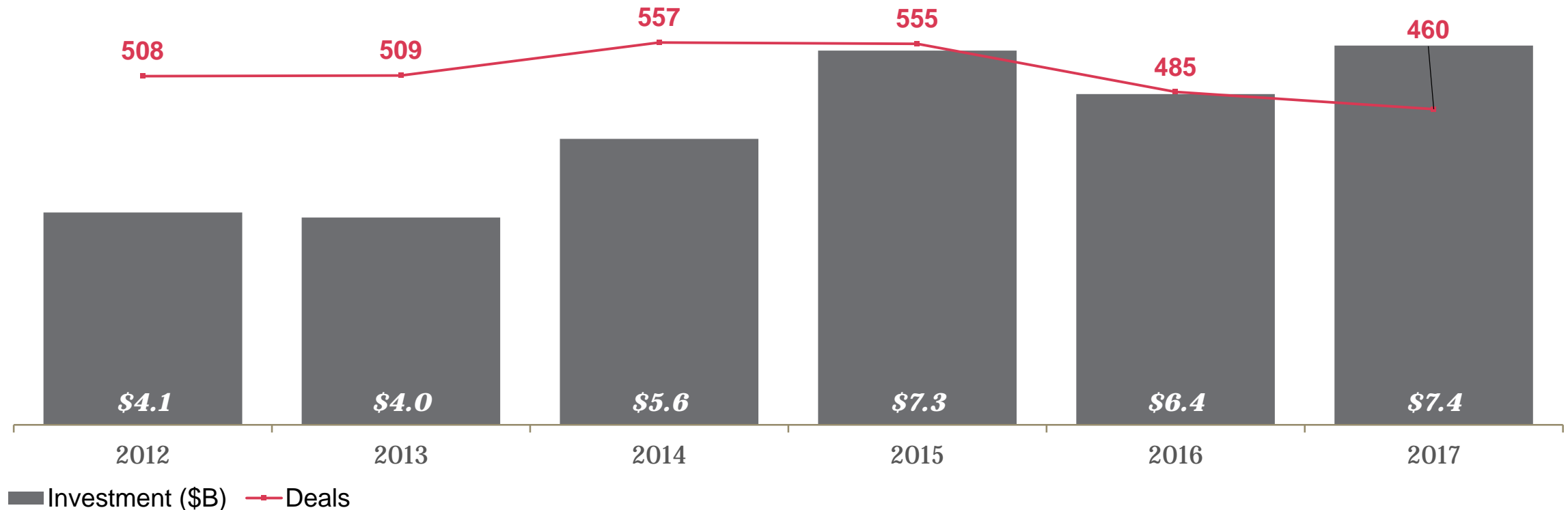


Annual financing trend: New England



New England funding activity increases, but deals slip

- Funding to New England-based VC-backed companies increased by 15% in 2017, as \$7.4B was invested across 460 deals. Deal activity declined by 5%.

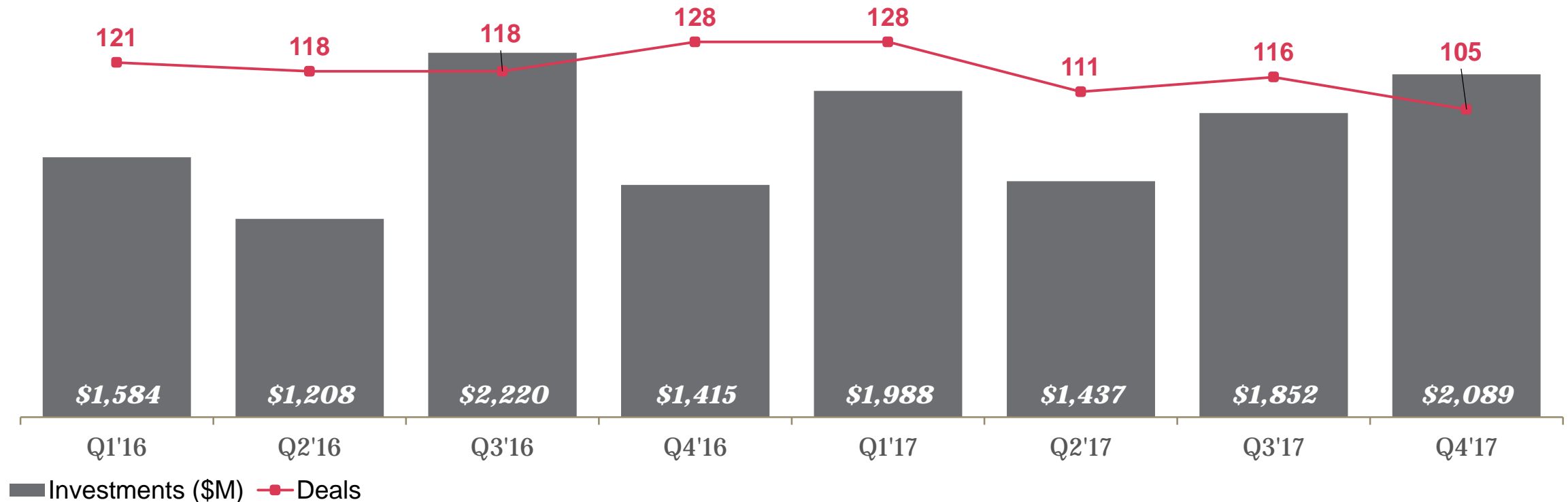


8-quarter financing trend: New England



New England deal activity declines as funding hits a full-year high

- Deals to New England-based companies sunk to an eight-quarter low of 105, while total funding increased 13% to \$2B—a 2017 high.

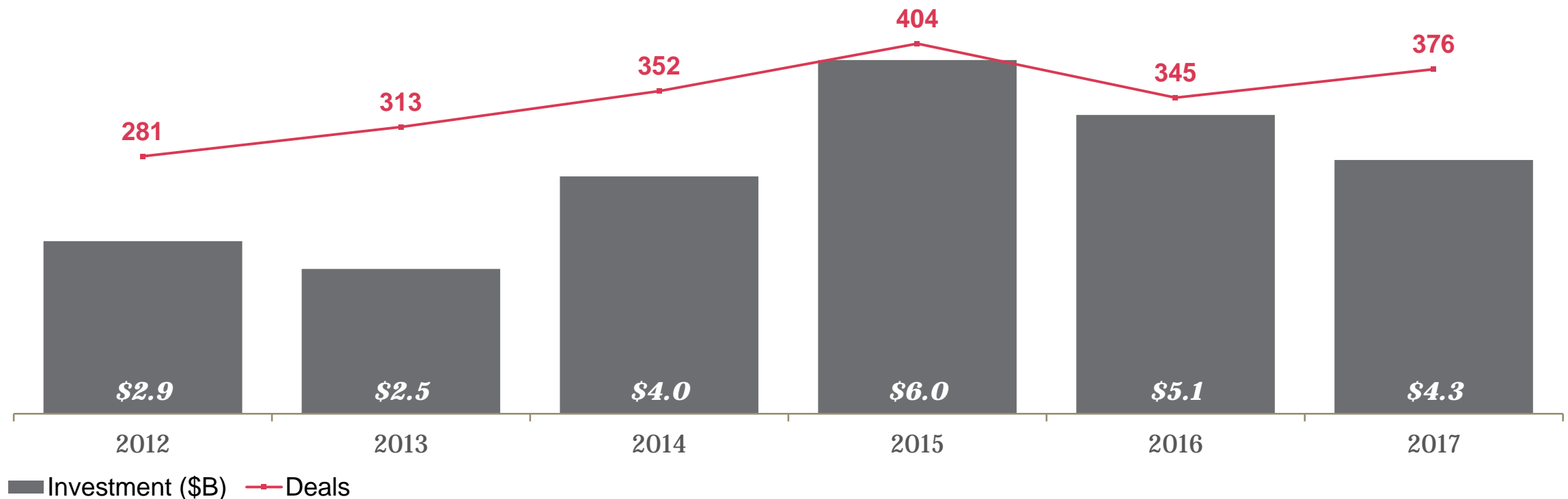


Annual financing trend: LA/Orange County



Deal activity increases in LA/Orange County but full-year funding is down

- Deal activity increased by 9% in LA/Orange county, but total annual funding declined by 15% as \$4.3B was invested across 376 deals.

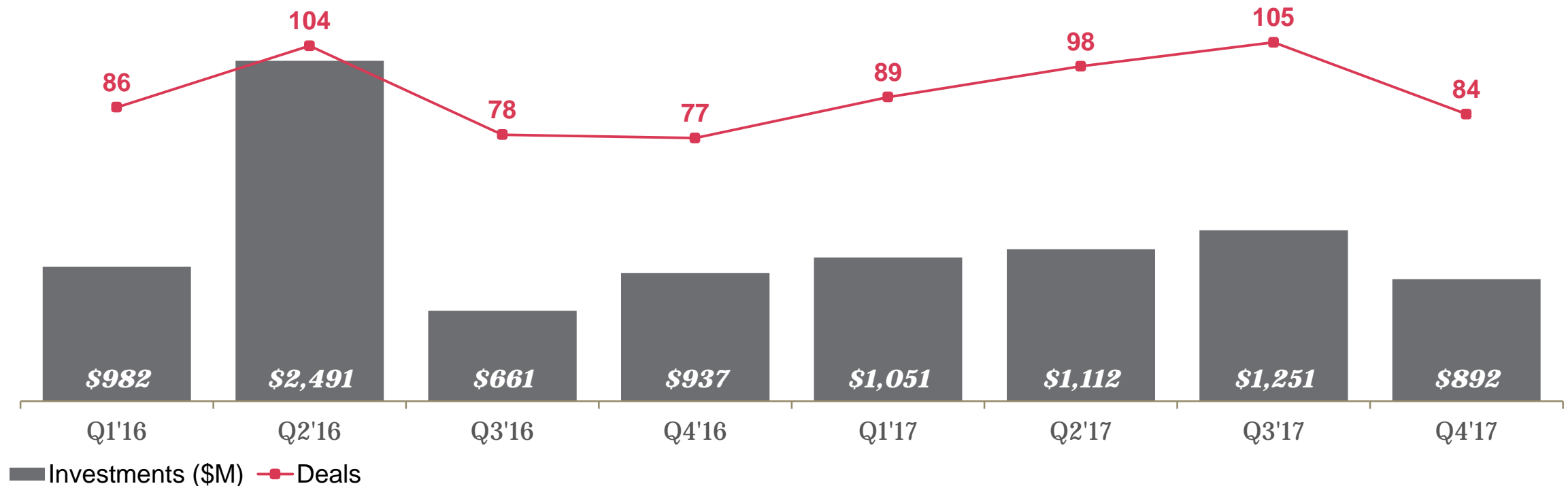


8-quarter financing trend: LA/Orange County



Deals and dollars sink in fourth quarter in LA/Orange County

- Deal count decreased by 20% to 84 deals in Q4'17.
- Quarterly funding declined by 29% to \$892M, the lowest total funding amount since Q3'16.





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Five \$100M+ 2017 investments in VC-backed startups represented the highest mega-round activity in DC/Metroplex's post-2000 history, further bolstered by a \$500M deal in Q4'17, our region's largest deal.

— **Gina Gin**, Partner, Washington Metro Technology Assurance Leader at PwC

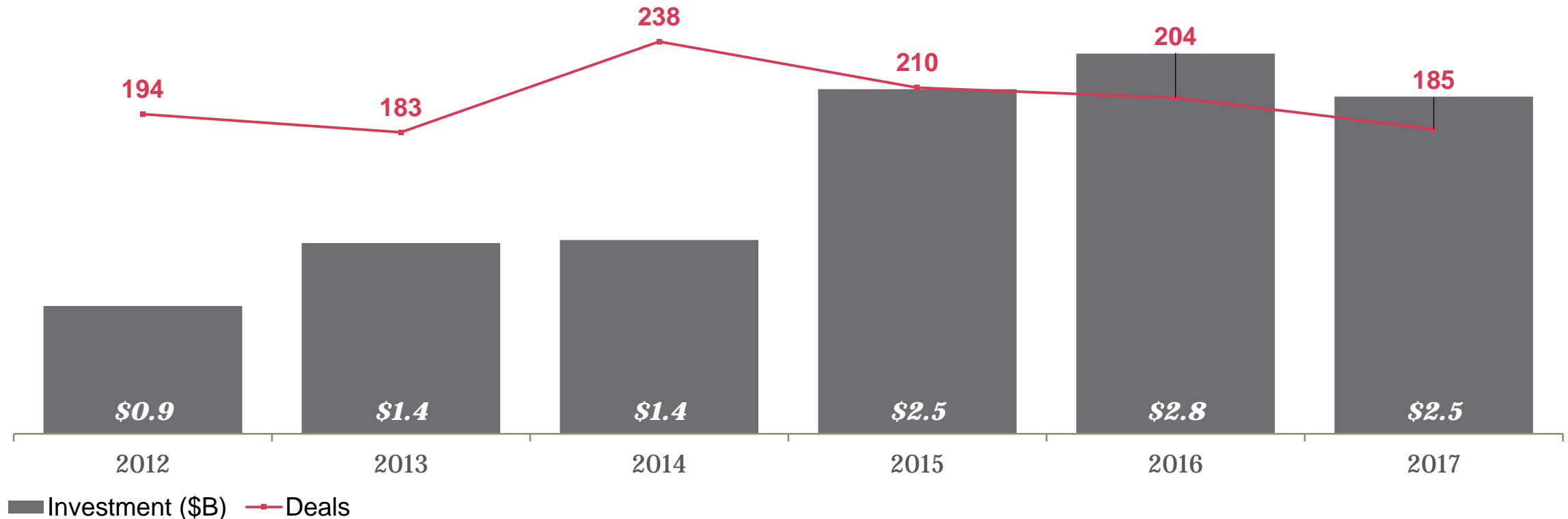
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Annual financing trend: DC/Metroplex



Deal and dollar activity is down in 2017 in DC/Metroplex

- Total annual funding to DC/Metroplex-based VC-backed companies declined by 11% as \$2.5B was invested across 185 deals. Deal activity declined by 9%.

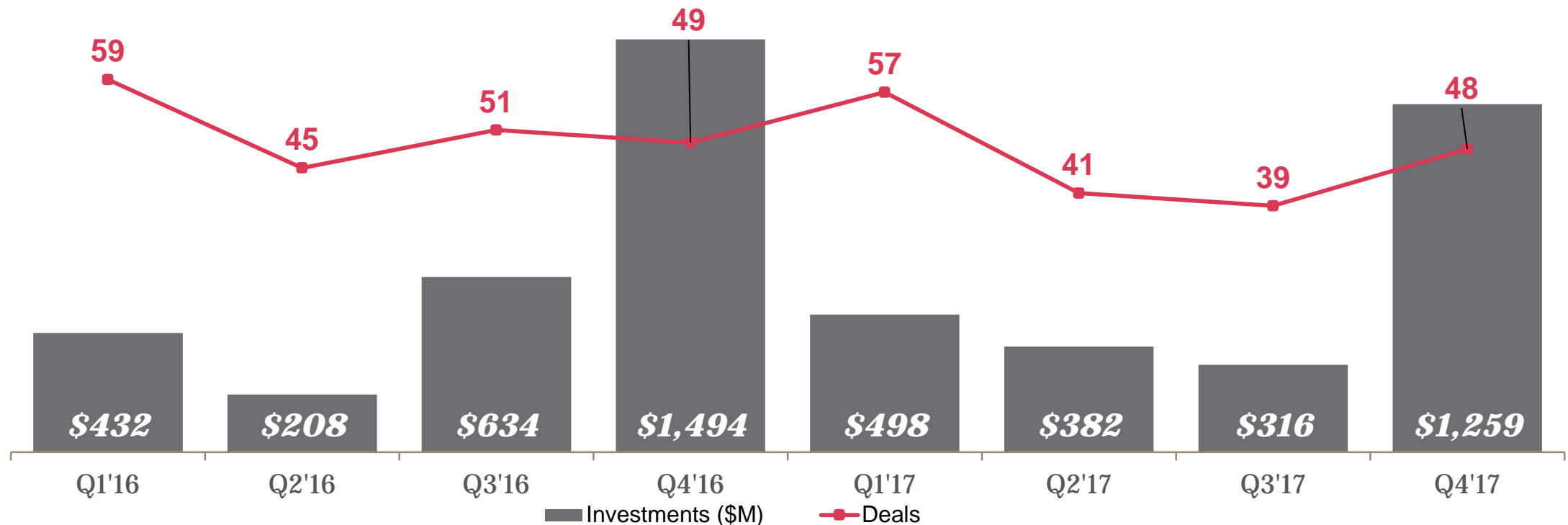


8-quarter financing trend: DC/Metroplex

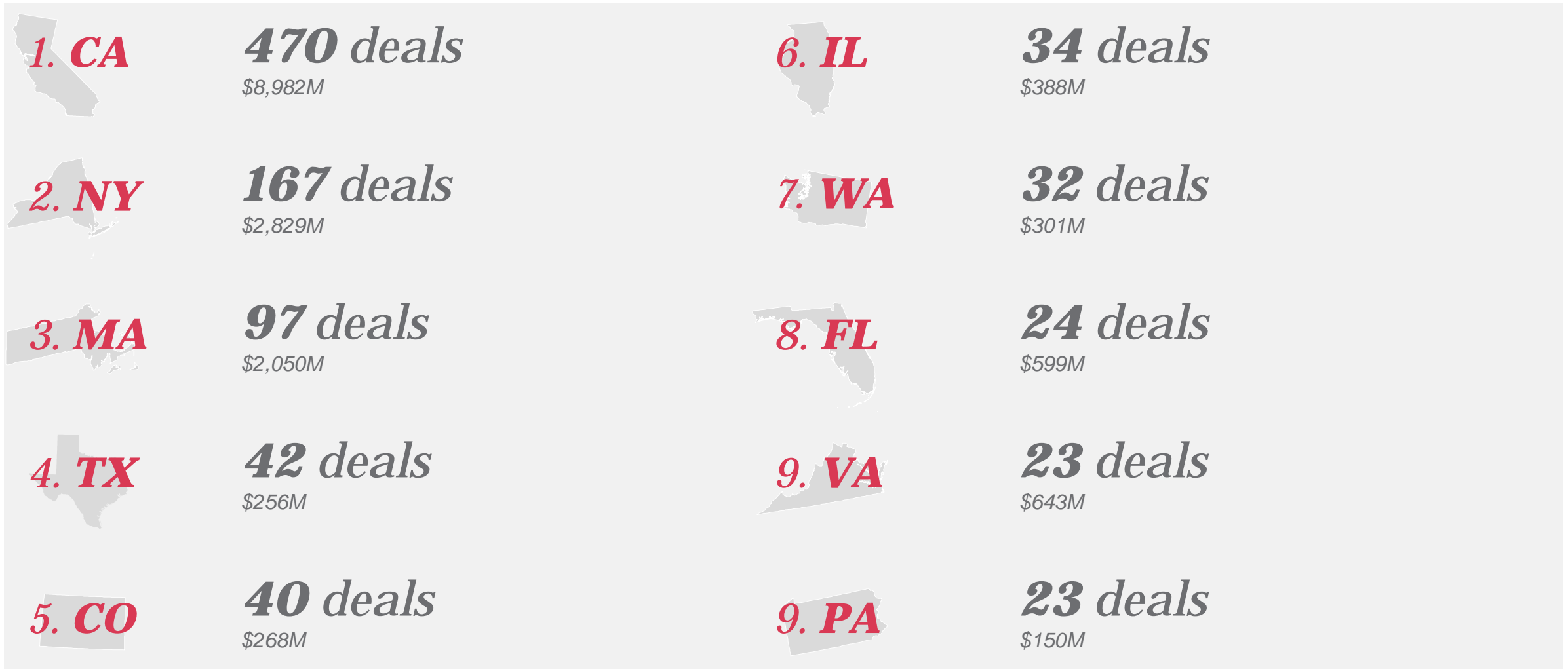


DC/Metroplex has a huge fourth quarter, driven by a big funding round

- \$1.3B was invested into 48 deals in Q4'17, the most funding since Q4'16. The large quarterly funding total was driven by a \$500M round.



US: Top 10 states of Q4'17 by deals

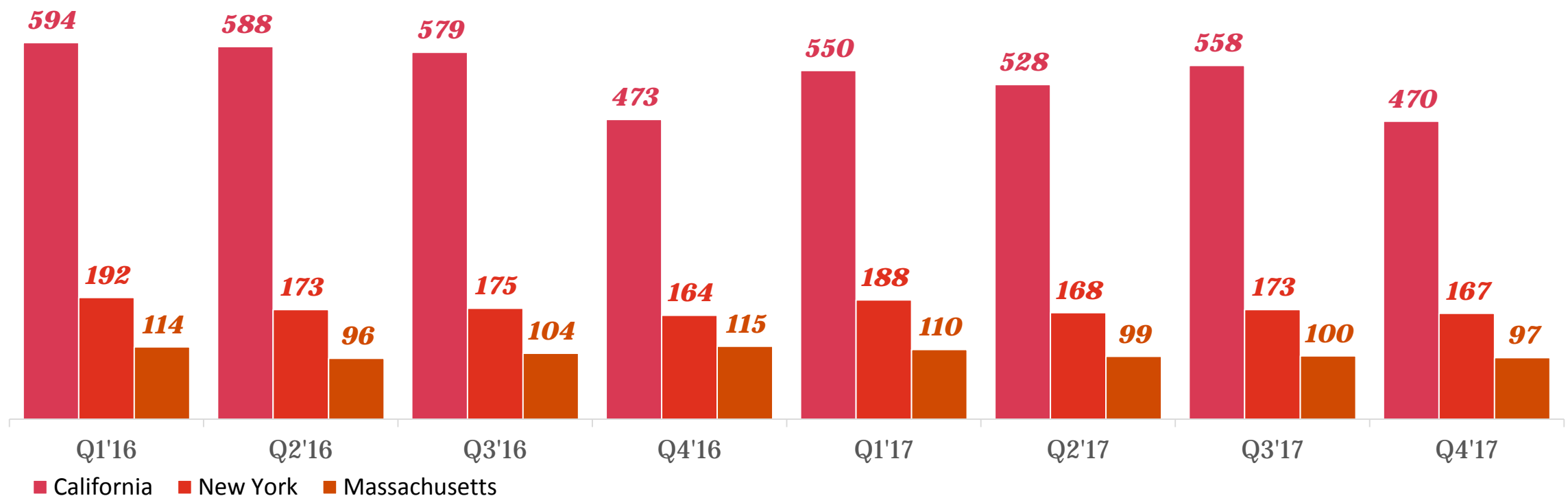


Q4'17 Regional comparison: Deals CA vs. NY vs. MA



California deals sink, New York deals down

- Deal activity declined by 16% in California from 558 in Q3'17 to 470 in Q4'17.
- 6 fewer deals were recorded in New York, and 3 fewer deals were recorded in Massachusetts.

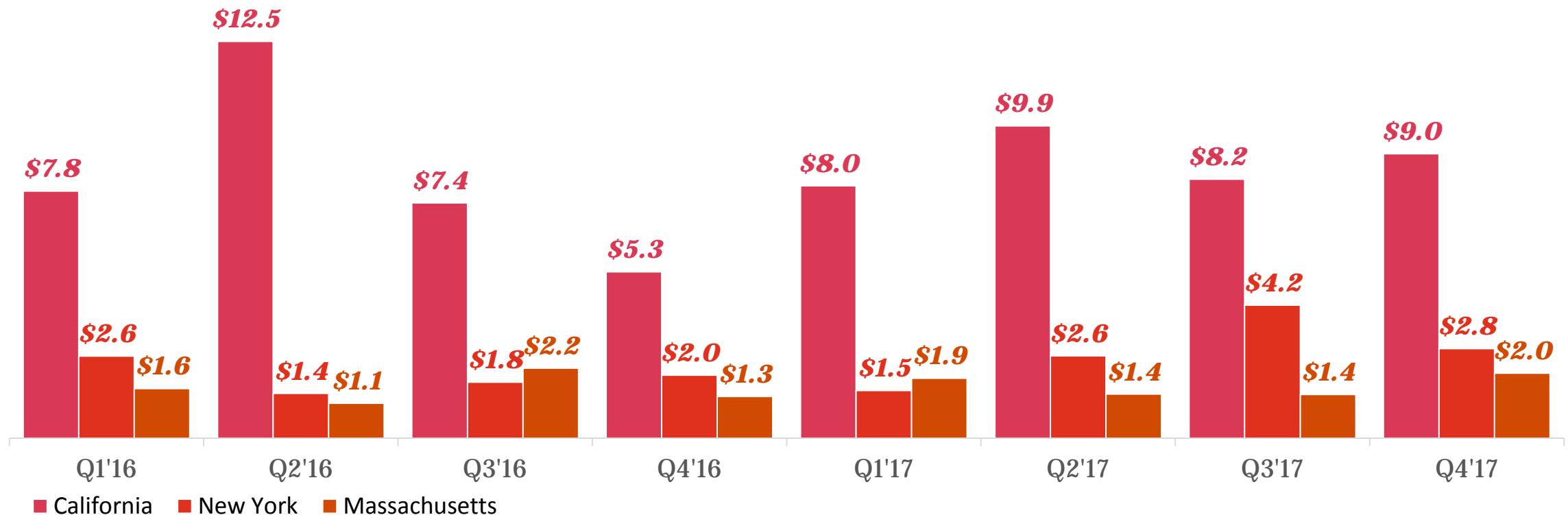


Q4'17 Regional comparison: *Financing* CA vs. NY vs. MA



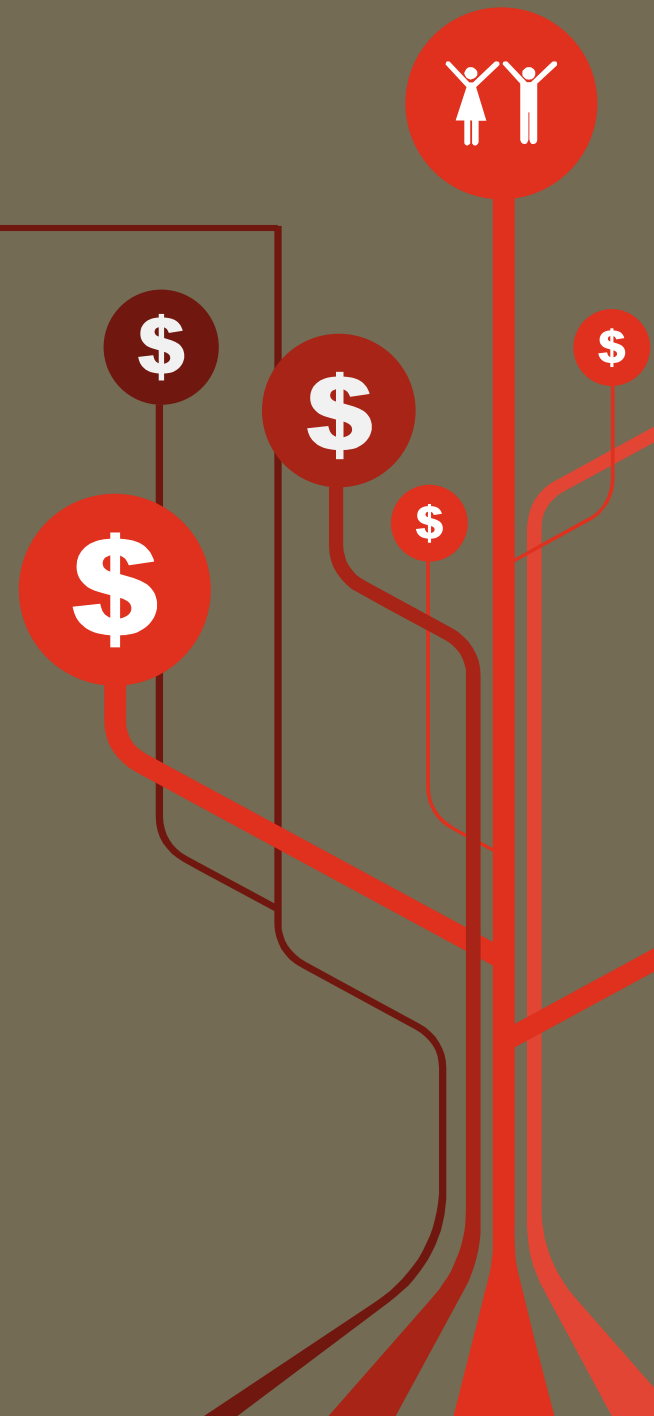
California and Massachusetts funding increases, New York declines

- California quarterly funding increased by 10% in Q4'17, while Massachusetts funding increased by 43%.
- Funding to New York-based companies declined by 33% absent massive mega-rounds over \$500M recorded in Q3'17.



04

US Movers & Shakers



Mega-rounds



“

2017 was also the busiest \$100M+ mega-round year in history, surpassing 2015's record by two deals (109 vs. 107).

— ***Tom Ciccolella**, Partner, US Ventures Leader
at PwC*

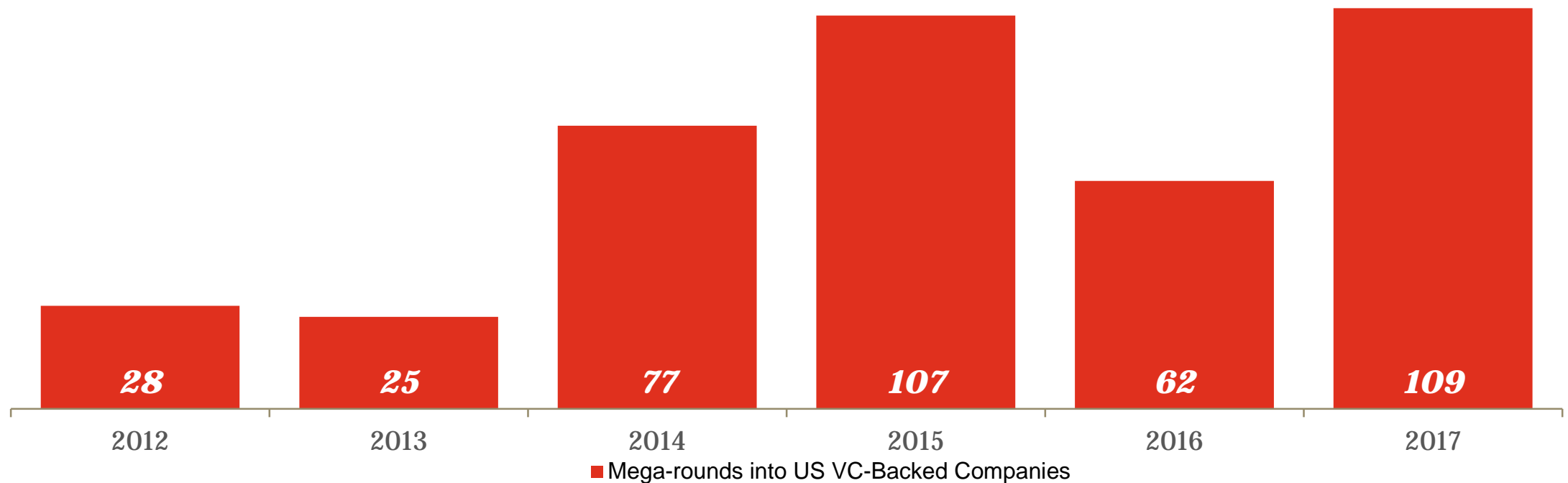
”

Annual US mega-round activity



Mega-rounds have a record 2017

- 109 mega-rounds were recorded in 2017, topping the 107 mega-rounds recorded in 2015.



Mega-rounds



“










On-demand transportation apps received over \$2.5B of investment in 2017, marking the fourth consecutive year this category has received \$2.5B+ in total annual funding. One company received the lion's share of funding this year, raising \$2.1B over three rounds.

— **Mark McCaffrey**, *Partner, US Technology, Media and Telecommunication Leader at PwC*

”

Largest US deals of Q4'17



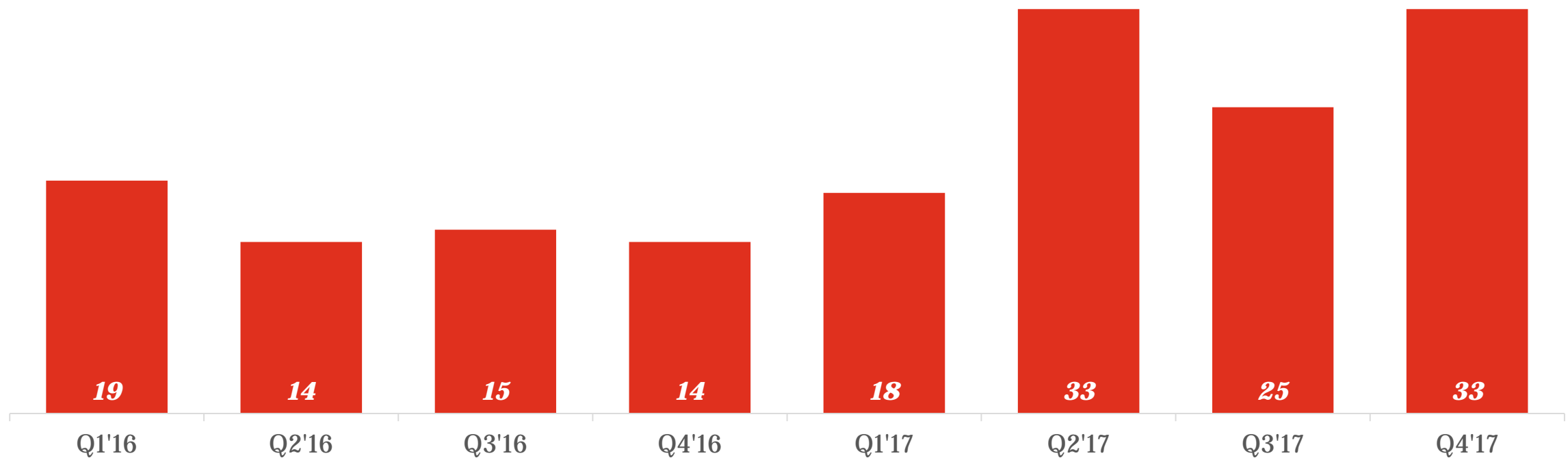
Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
Lyft	San Francisco, CA	Mobile & Telecommunications	Mobile Commerce		\$1000M	capitalG
Magic Leap	Plantation, FL	Software (non-internet/mobile)	Scientific, Engineering Software		\$502M	Alibaba Group, Fidelity Investments
OneWeb	Arlington, VA	Mobile & Telecommunications	Telecom Services		\$500M	SoftBank Group
Lyft	San Francisco, CA	Mobile & Telecommunications	Mobile Commerce		\$500M	Baillie Gifford & Co., capitalG, Rakuten
Compass	New York, NY	Internet	Internet Software & Services		\$450M	SoftBank Group
					Seed Stage	
					Early Stage	
					Expansion Stage	
					Later Stage	

Quarterly US mega-round activity



\$100M+ mega-round financings surpass 30 for the second time in 2017

- Contributing to the high US quarterly funding total were 33 rounds of \$100M or more, 8 more than Q3'17 and matching Q2'17 for an 8-quarter high.



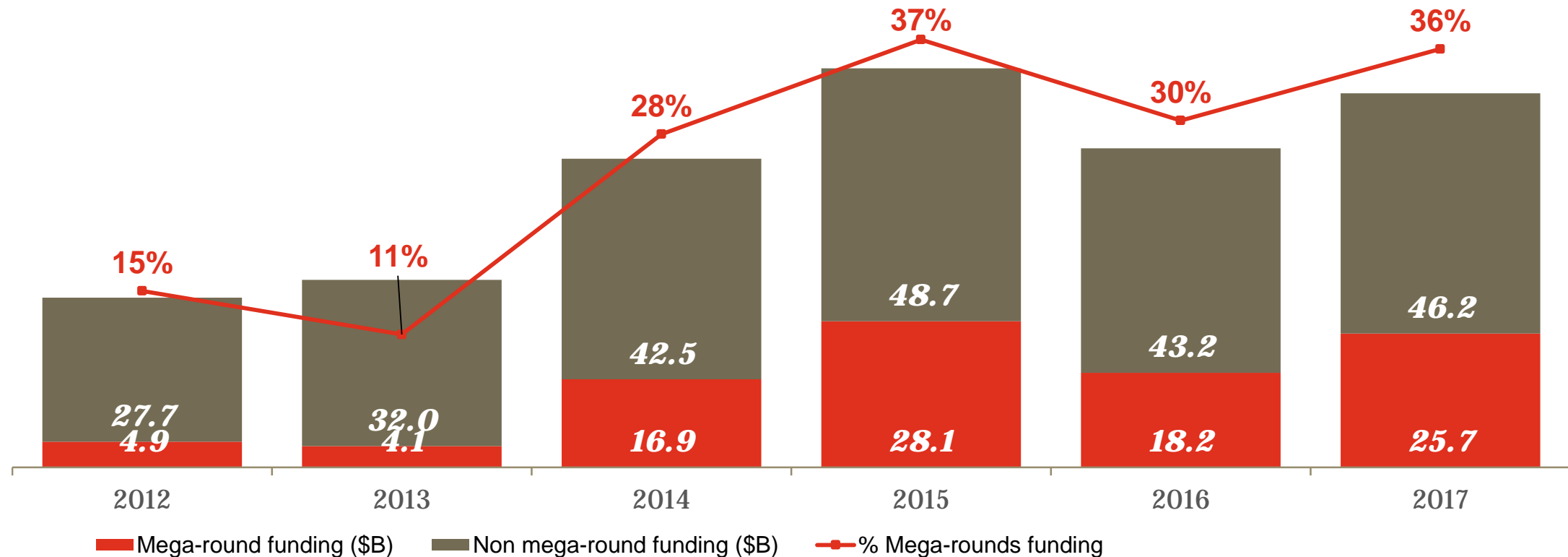
■ Mega-rounds Into US VC-Backed Companies

Annual US mega-round share



US mega-rounds represent 36% of total funding in full-year 2017

- US mega-rounds accounted for 36% of total funding in 2017, up from 30% in 2016, as \$25.7B of investment was comprised rounds valued at \$100M or more.
- In full-year 2017, the US saw 109 mega-rounds.

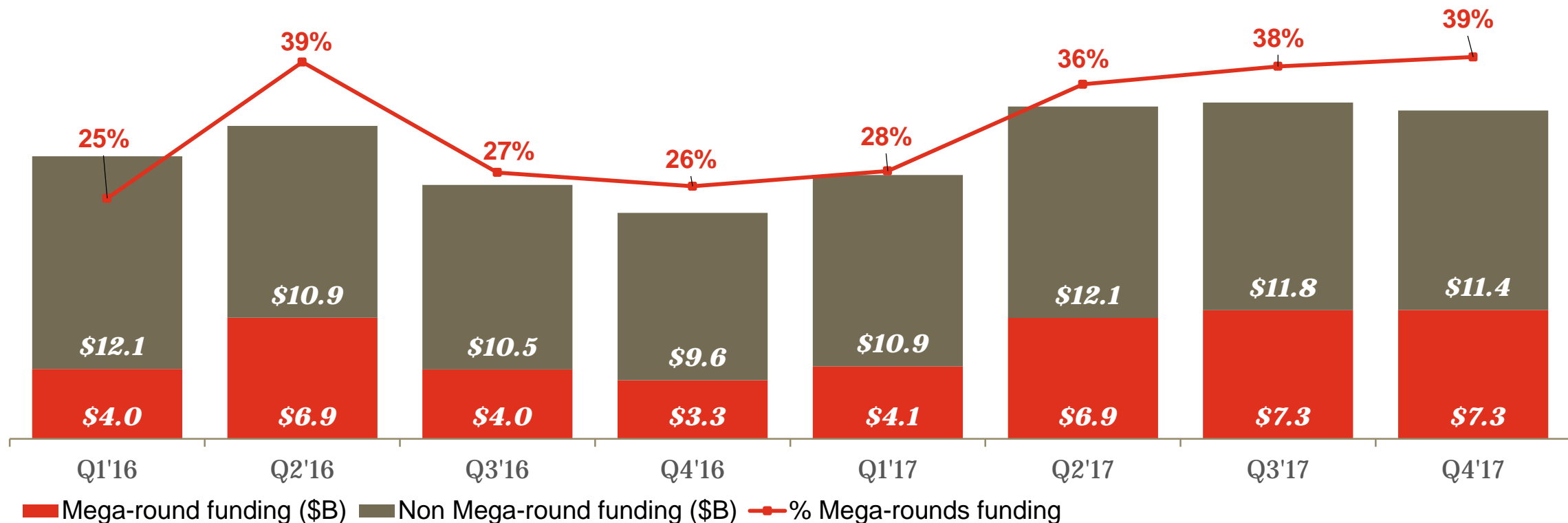


Quarterly US mega-round share



US mega-rounds represent nearly 40% of total funding

- US mega-rounds as a percentage of total quarterly funding in the US reached 39% in Q4'17, up from 38% the quarter before.
- \$7.3B of total US funding was comprised of mega-rounds in 2017, the second straight quarter of this amount.

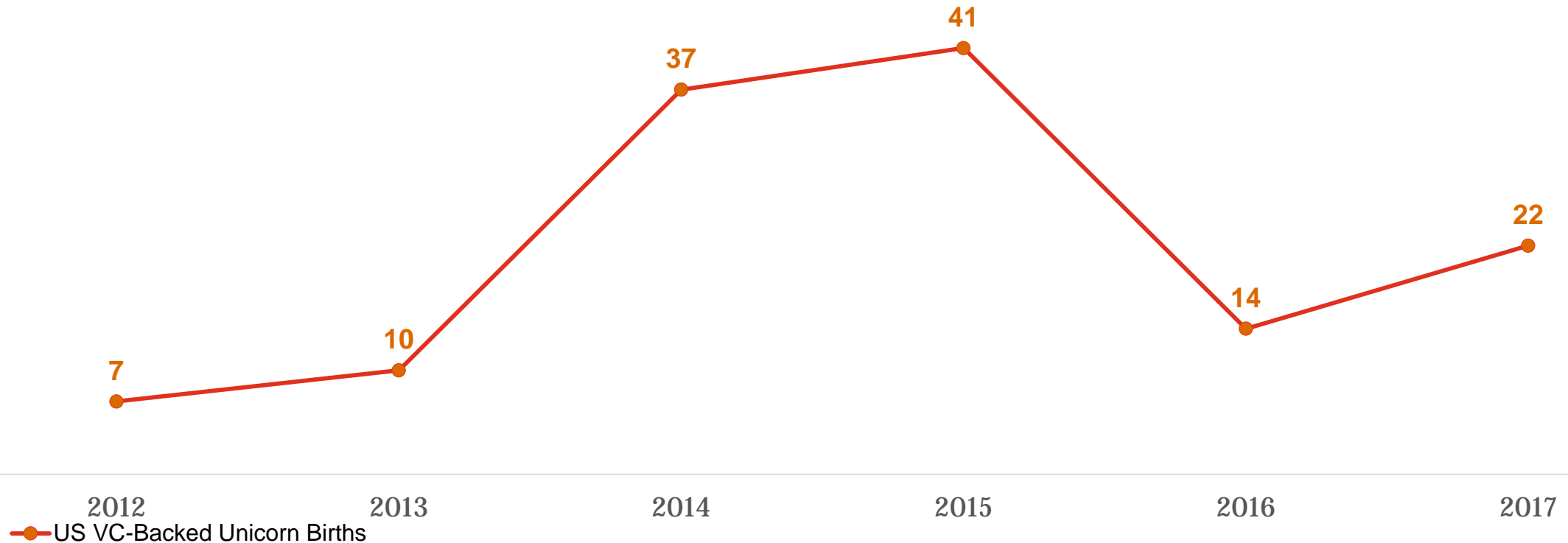


US annual new unicorn births



VC-backed unicorn creation increases in 2017

- 22 private companies reached a billion-dollar valuation in 2017.
- This was up 57% from the slowdown in 2016, but is still down significantly compared to the unicorn craze of 2014 through 2015.

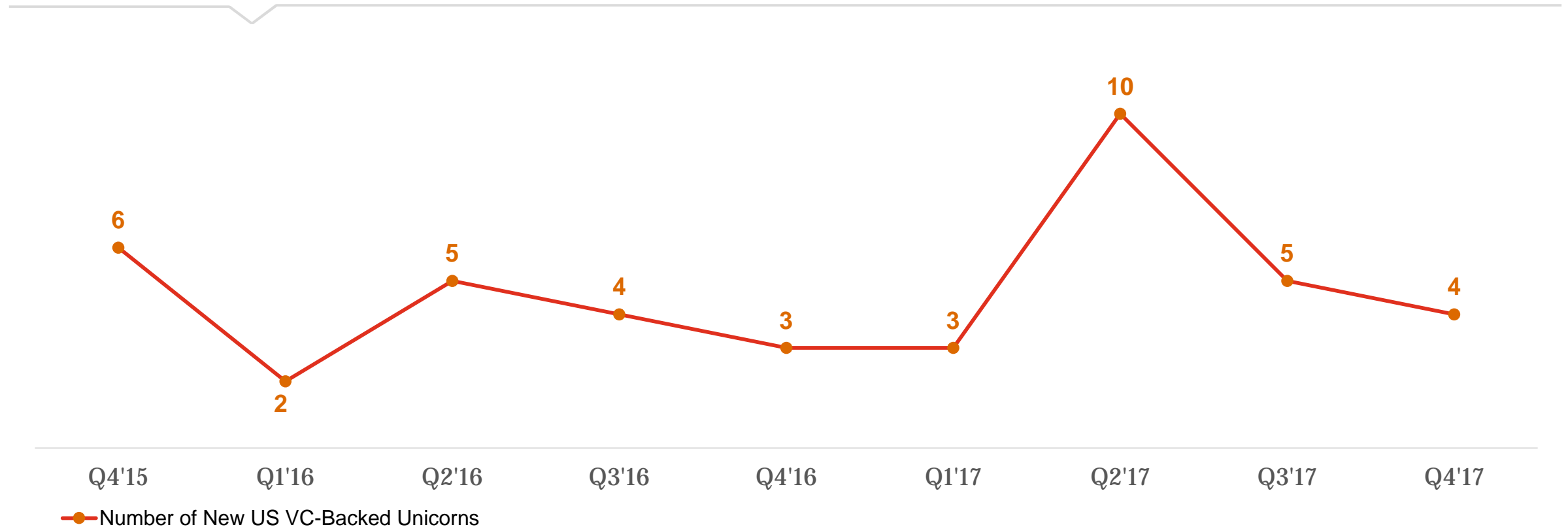


US quarterly new unicorn births



VC-backed unicorn creation rate flattens in the US

- 4 new VC-backed companies reached \$1B+ valuations in Q4'17, one less than in Q3'17.
- New companies joining the unicorn club included Affirm, Duo Security, and Squarespace.



Most active VC firms of Q4'17 in the US



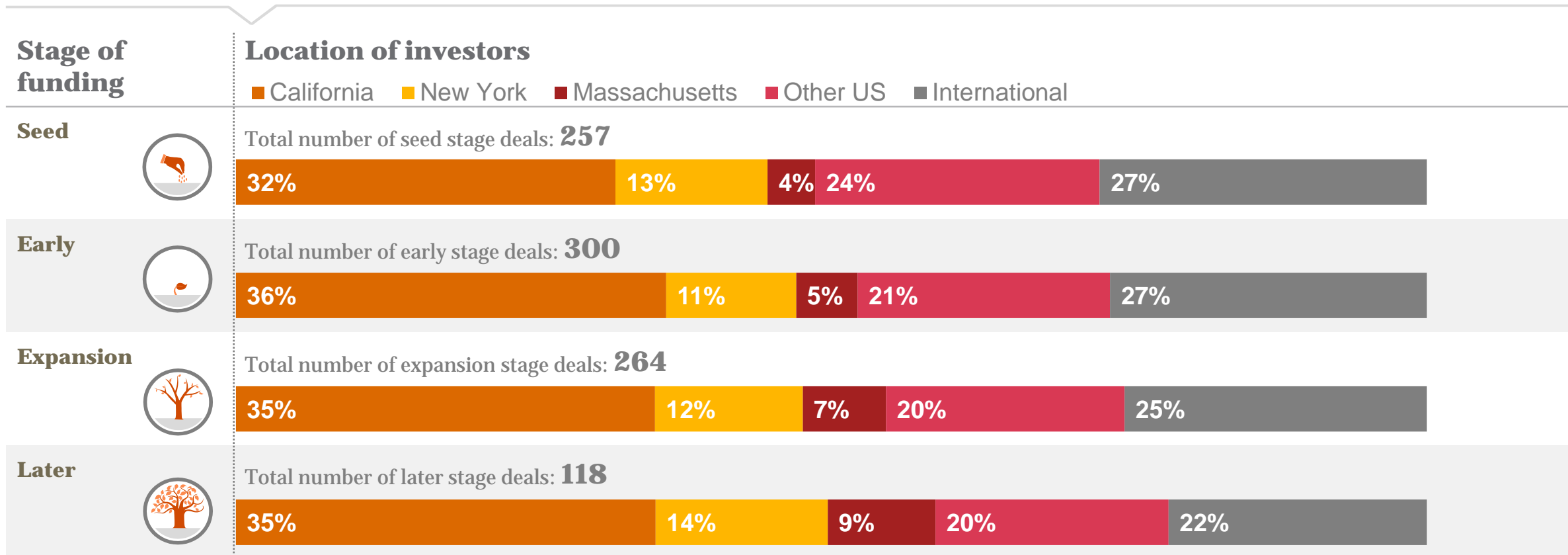
<i>Investor</i>	<i>Location</i>	<i>No. of US Companies</i>	<i>Select Q4'17 Investments</i>
1. New Enterprise Associates	Menlo Park, CA	32	WellTok, Moda Operandi, Allakos
2. Intel Capital	Santa Clara, CA	17	MAANA, Foghorn Systems, MariaDB
3. Plug and Play Ventures	Sunnyvale, CA	15	Madison Reed, Slice Labs, Cargo Systems
3. Google Ventures	Mountain View, CA	15	Arcus Biosciences, Veo Robotics, Lemonade
5. Lightspeed Venture Partners	Menlo Park, CA	14	Affirm, Daily Harvest, Kespry

Q4'17 Investor locations



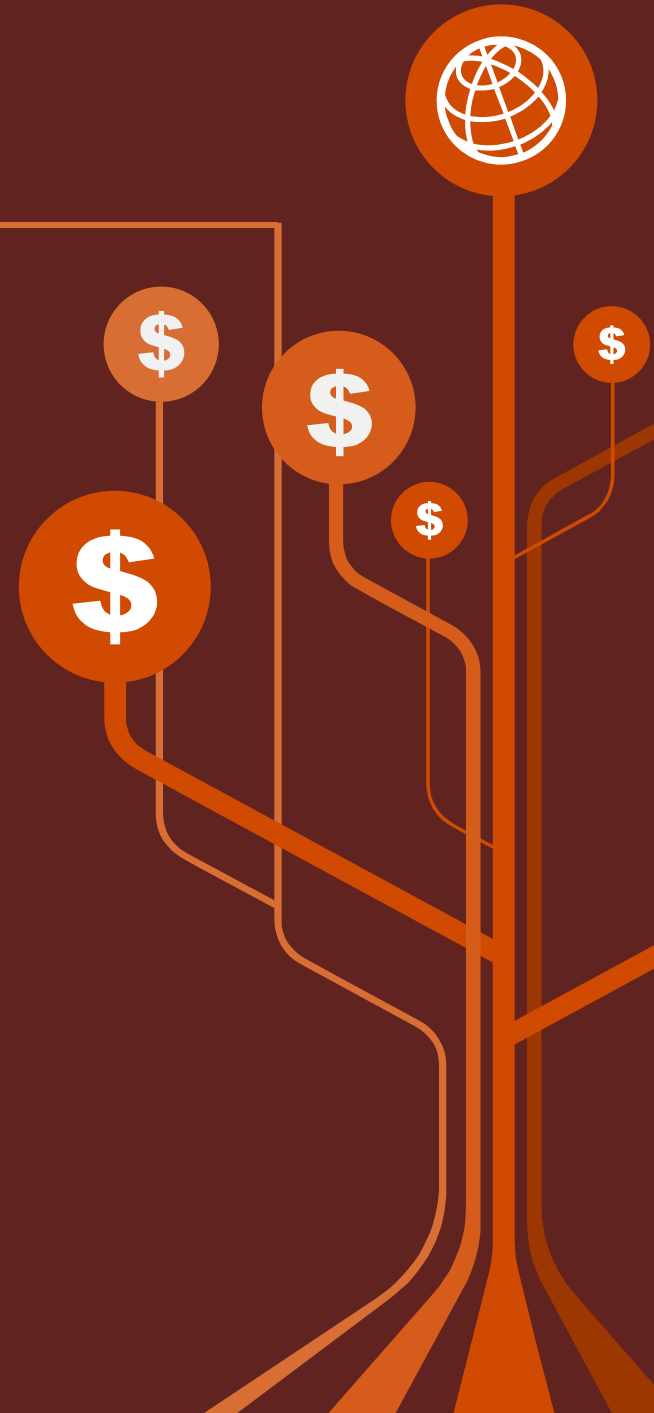
California investor presence continues to be strong at every stage

- California-based investors were represented in approximately a third of all deals at all stages to US-based companies.
- Non-US investors are investing in 27% of seed and early-stage deals and 25% of expansion deals.

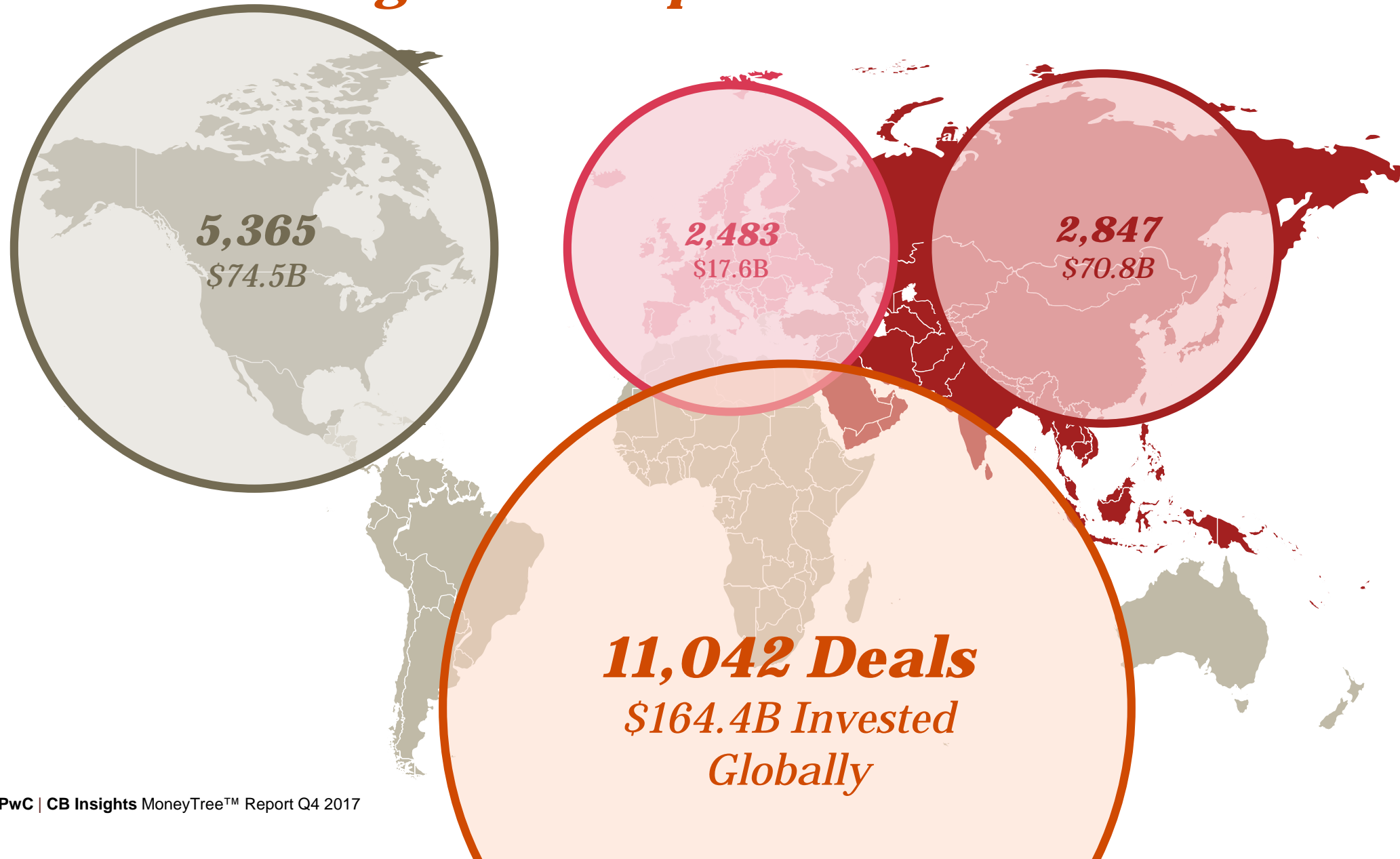


05

Global Trends



2017 Global regional comparison

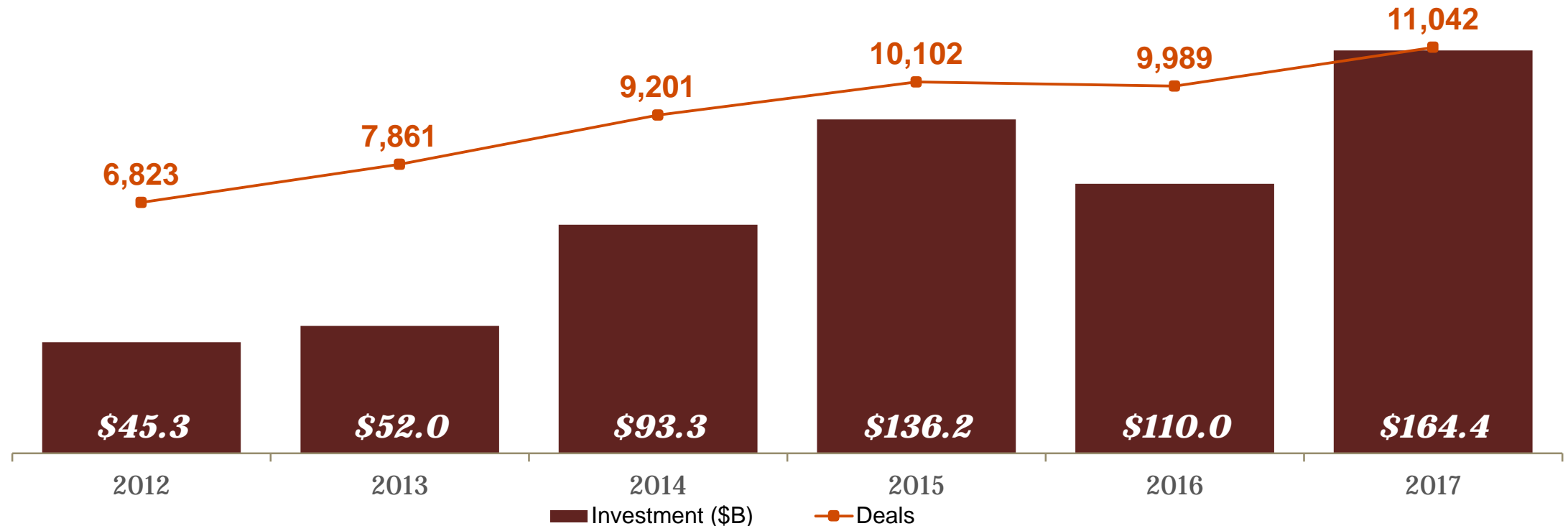


Annual global financing trend

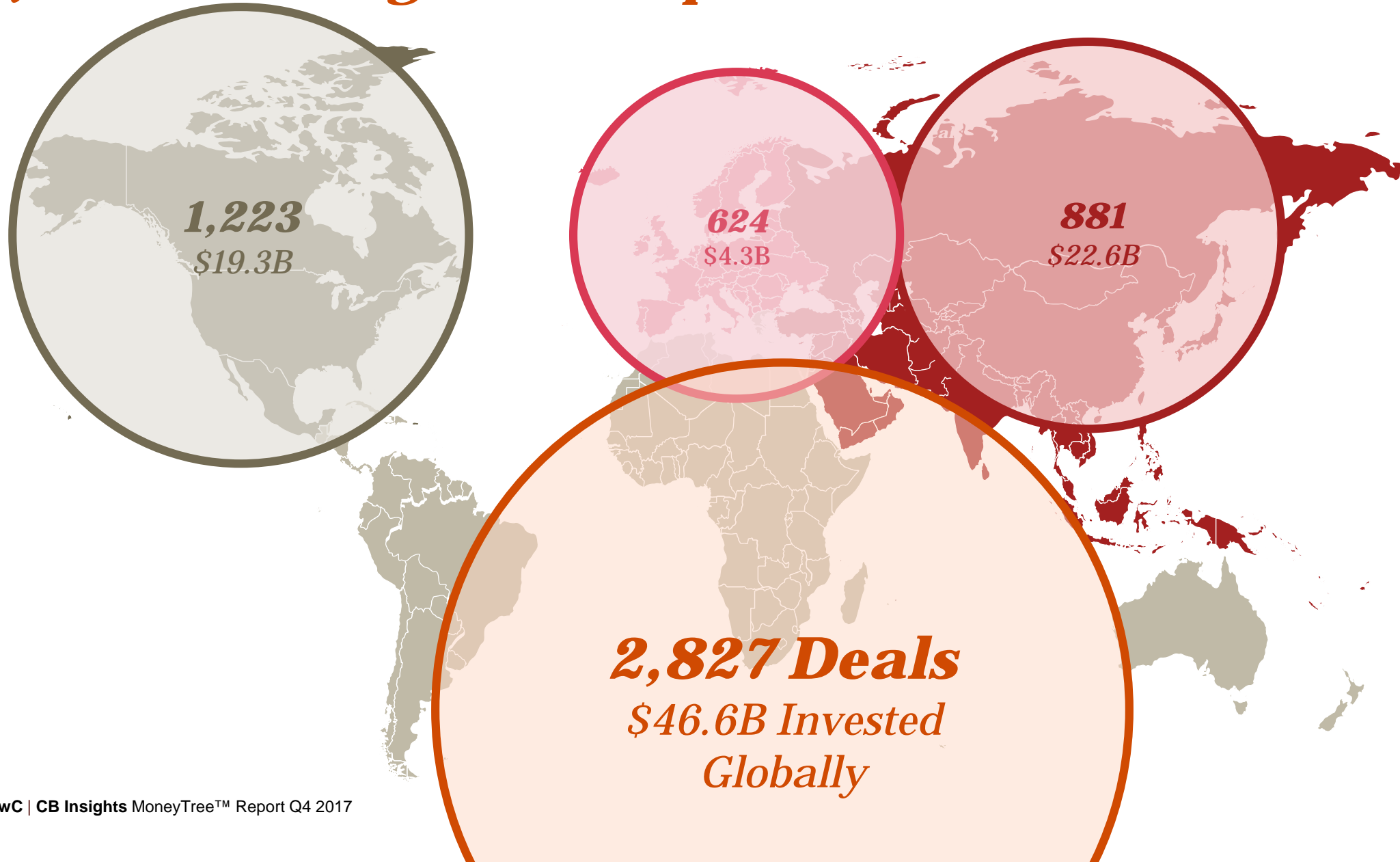


Global financing activity sees record year in this millenium

- Total annual global funding increased nearly 50% in 2017, as \$164.4B was invested across 11,042 deals.
- Deal activity increased by 11% to over 11,000. Both deal and dollar activity surpassed the highs seen in 2015.



Q4'17 Global regional comparison

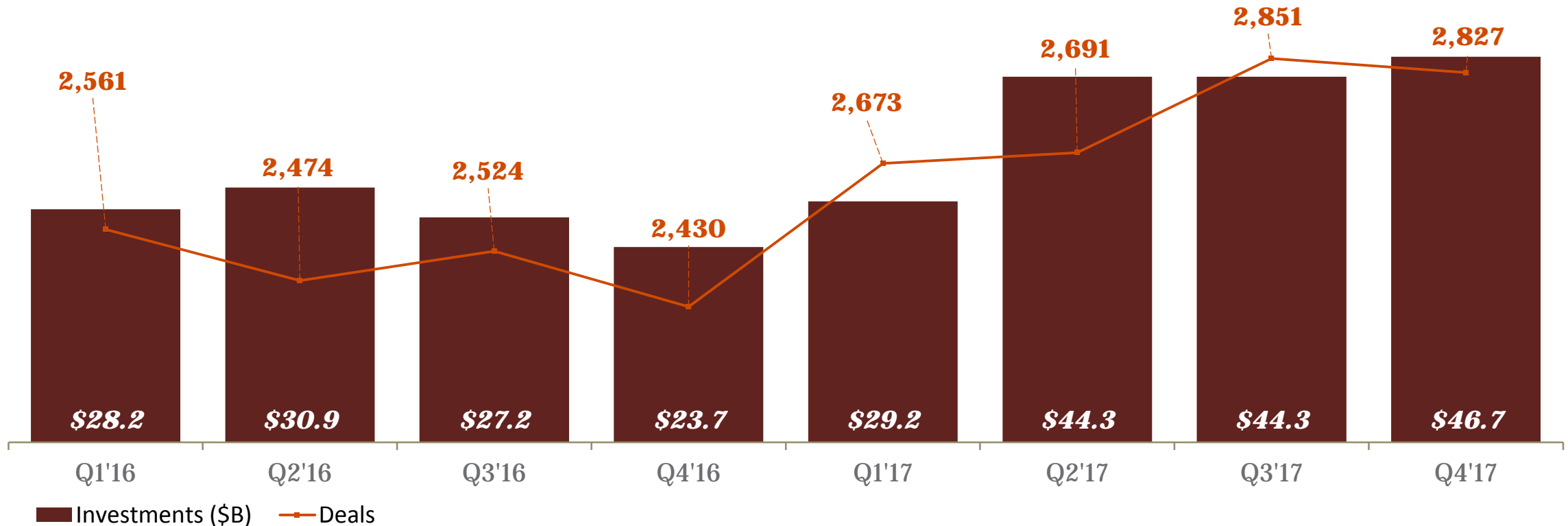


8-quarter global financing trend



Global funding increases as deals flatten

- Total global quarterly funding increased 5% in Q4'17, as \$46.7B was invested across 2,827 deals.
- Deal activity declined by less than a percentage point compared to the quarter before.

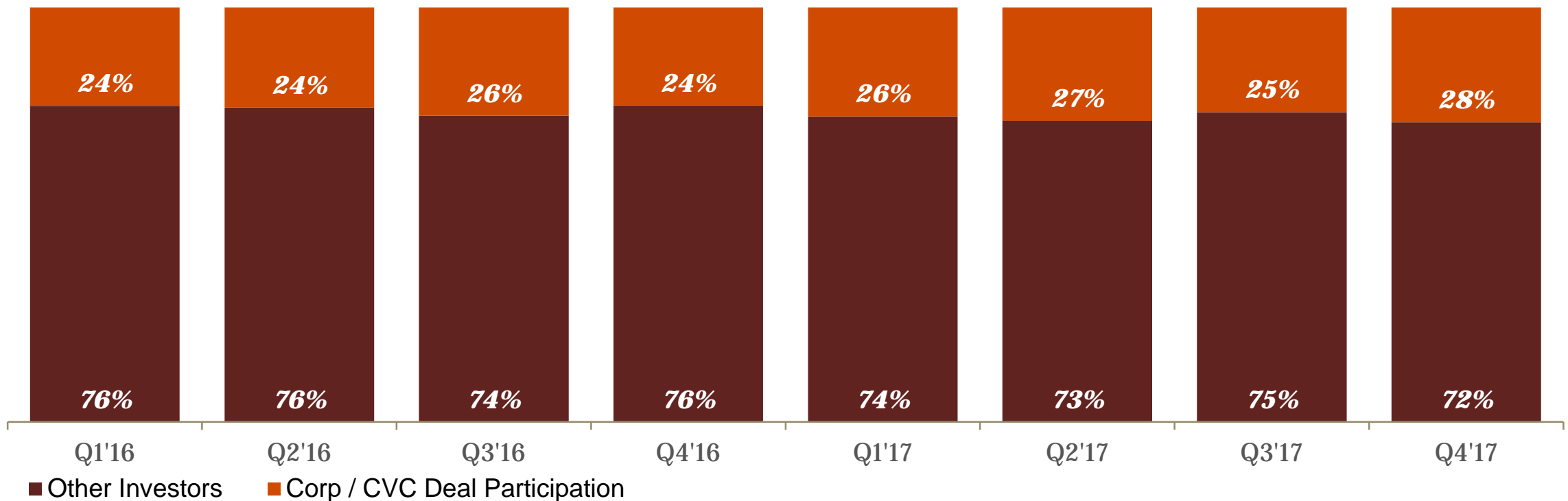


Global corporate deal participation



Corporate participation increases to 28% globally in the fourth quarter

- Corporations (and/or their venture arms) participated in 28% of all deals to VC-backed companies in Q4'17.
- Corporates have participated in 25%+ of deals throughout full-year 2017.

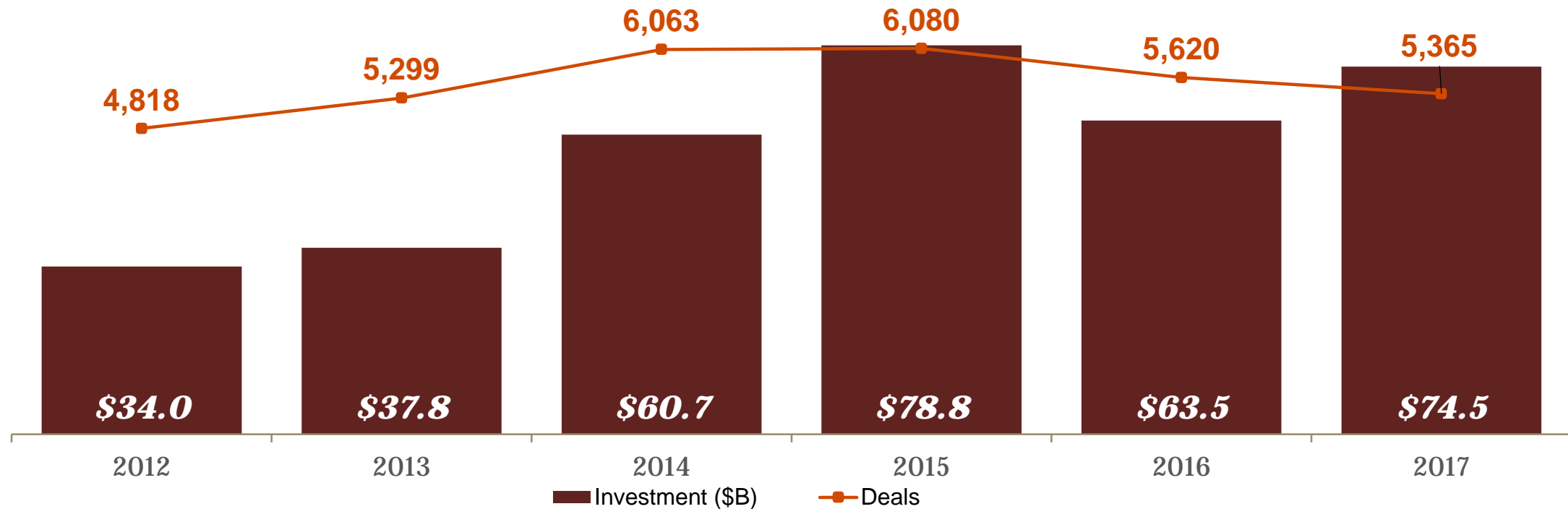


Annual global financing trend: North America



North America funding increases as deal activity declines in full-year 2017

- Total annual funding activity increased 17% in 2017, as \$74.5B was invested across 5,365 deals. Deal activity decreased by 5%.

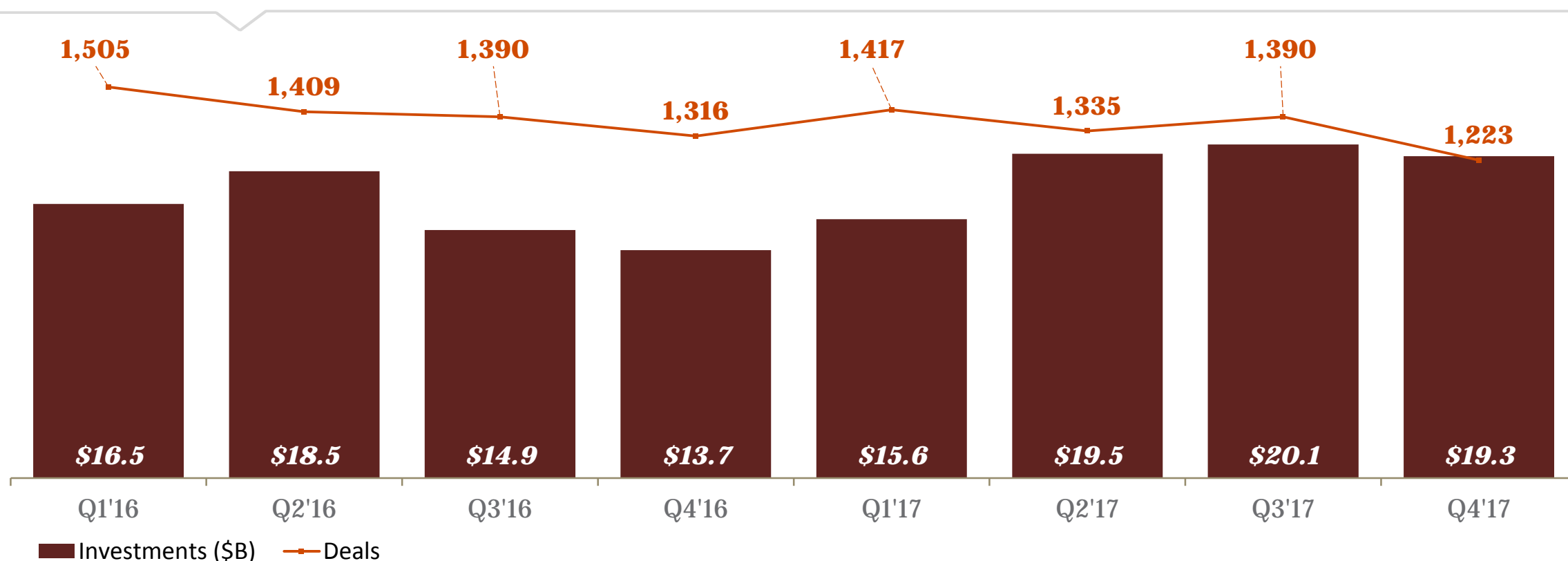


8-quarter financing trend: North America



North America financing activity directionally similar to US; funding and deal count decrease

- VC-backed companies in North America received \$19.3B of total funding across 1,223 deals, a 4% decrease in funding and a 12% decrease in deal activity.
- US financing activity accounted for 95% of deals and 97% of dollars invested in North America.

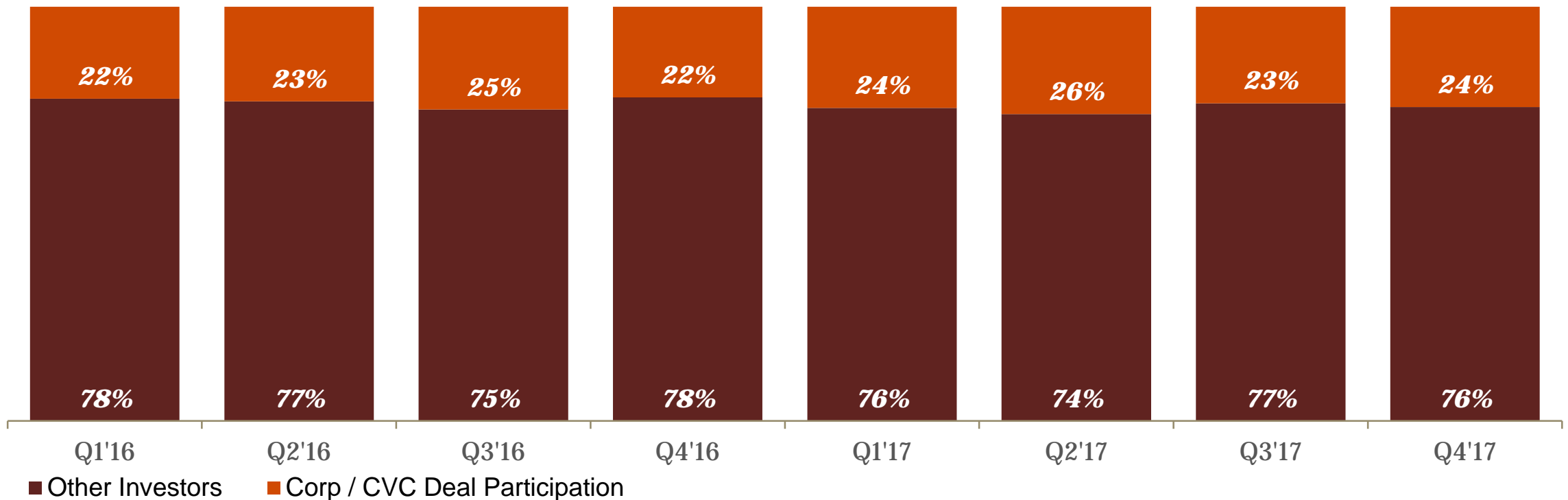


North America corporate deal participation



Corporate participation increases a percentage point in North America, but remains below Q2'17 high

- Corporations (and/or their venture arms) participated in 24% of Q4'17 deals to VC-backed companies in North America; a one percentage point increase from 23% in Q3'17, but still below 26% in Q2'17.

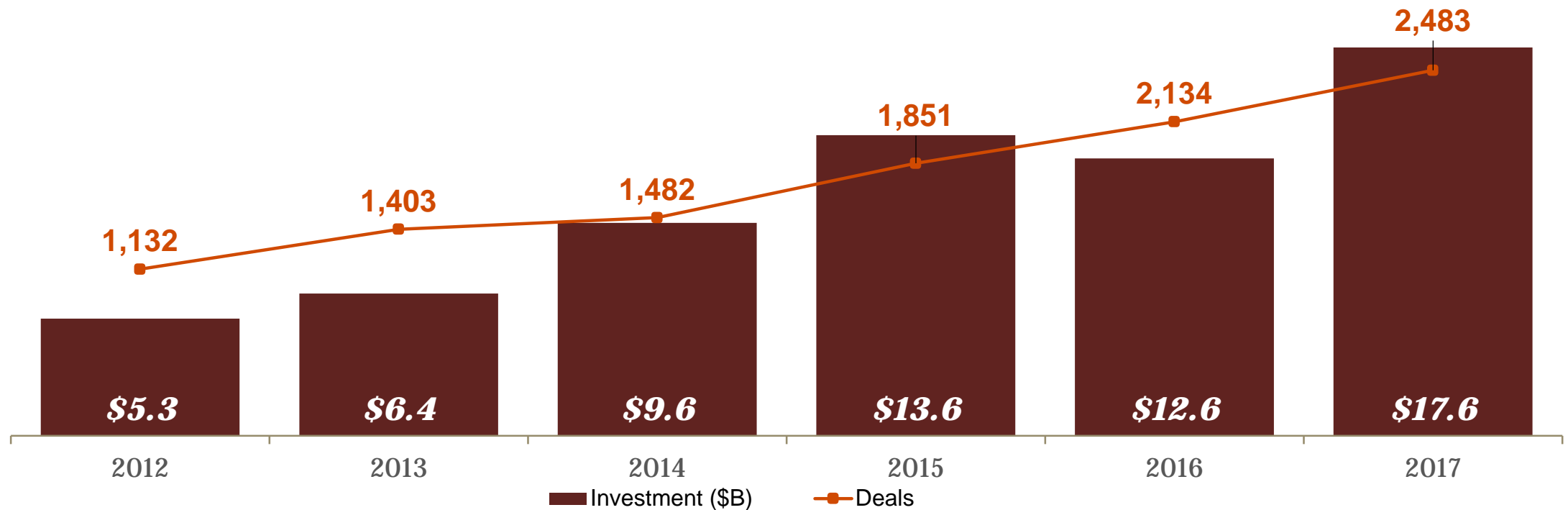


Annual global financing trend: Europe



Europe financing activity increases in full-year 2017

- Total annual Europe funding activity increased by 40% in 2017, as \$17.6B was invested across 2,483 deals. Deal activity increased by 16%.

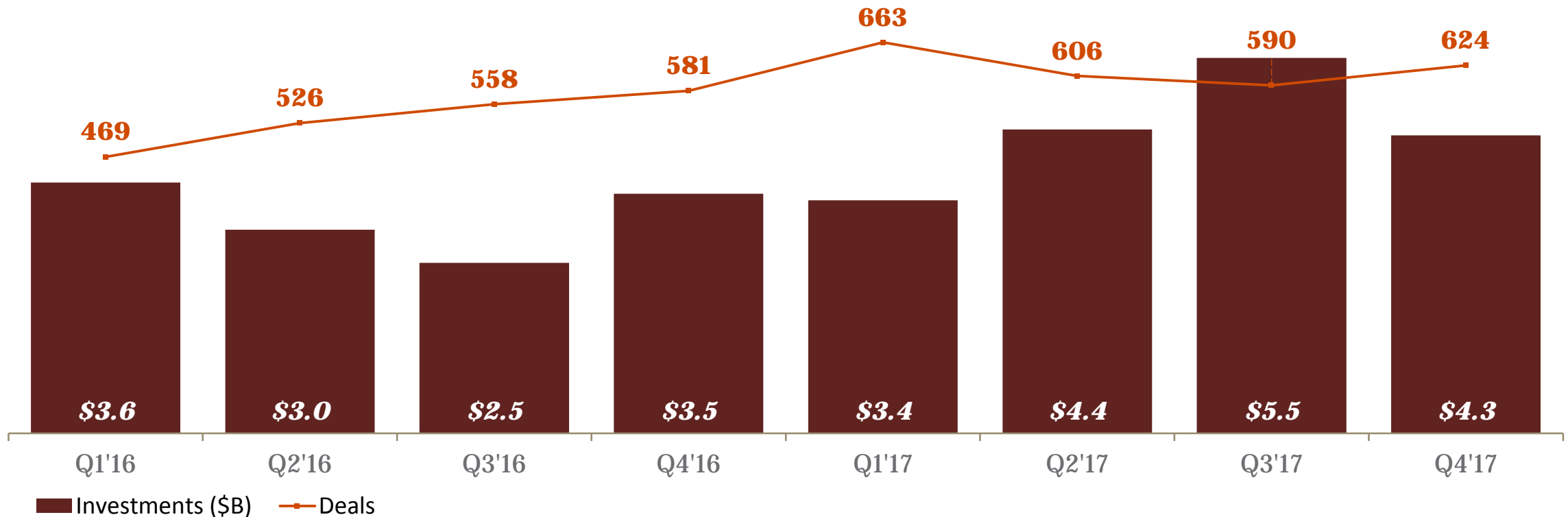




8-quarter financing trend: Europe

Europe funding activity slips, but deal activity increases

- Quarterly funding decreased to \$4.3B in Q4'17, a 22% decrease from \$5.5B last quarter.
- Deal activity increased 6% in Q4'17, increasing from 590 deals in Q3'17 to 624 deals.

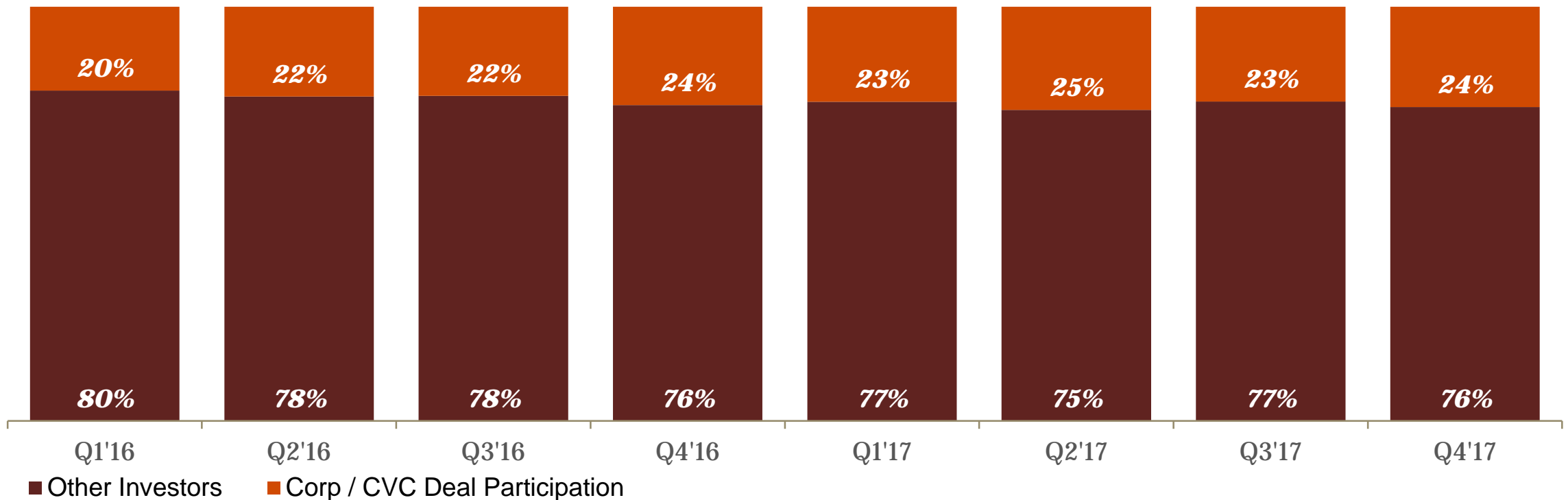


Europe corporate deal participation



Corporate participation increases a percentage point

- Corporations (and/or their venture arms) participated in 24% of Q4'17 deals to VC-backed companies in Europe, up from 23% the quarter before.
- Corporates averaged 24% participation through full-year 2017.

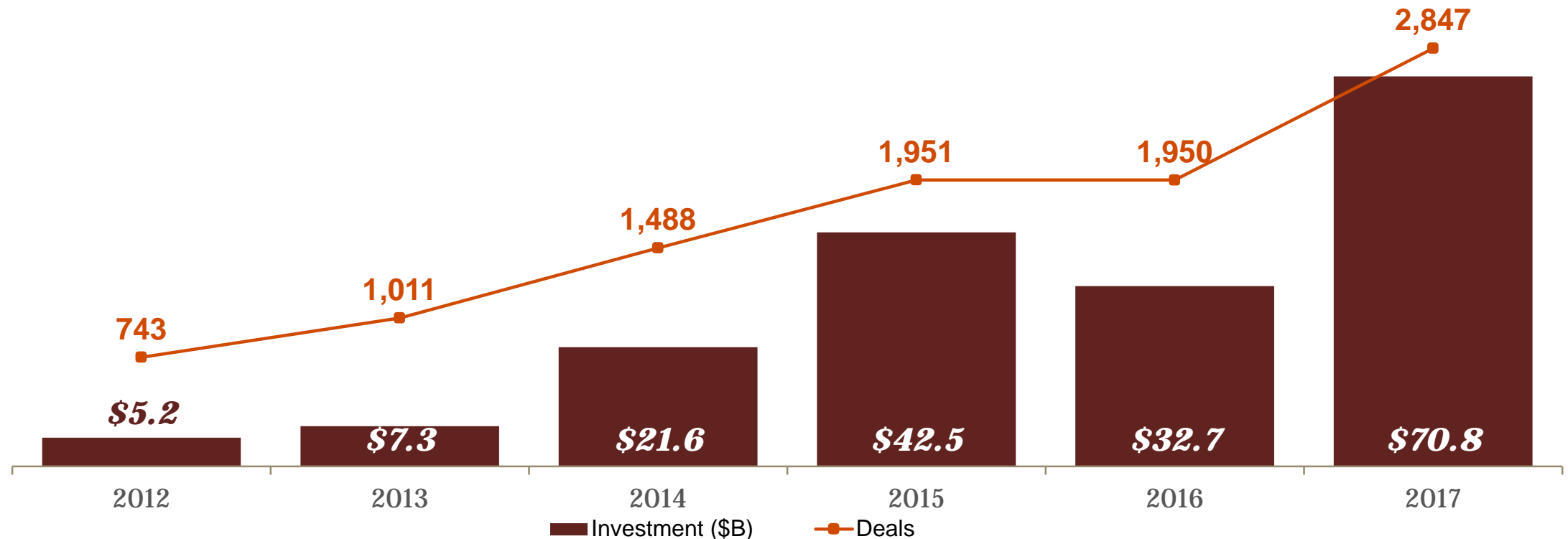


Annual global financing trend: Asia



Asia achieves massive year-over-year growth in financing activity through full-year 2017

- Total annual Asia funding activity increased by 117% as \$70.8B was invested across 2,847 deals, up from \$32.7B in 2016. The top 5 largest deals of Q4'17 accounted for over \$11B in funding.
- Deal activity increased by 46%.

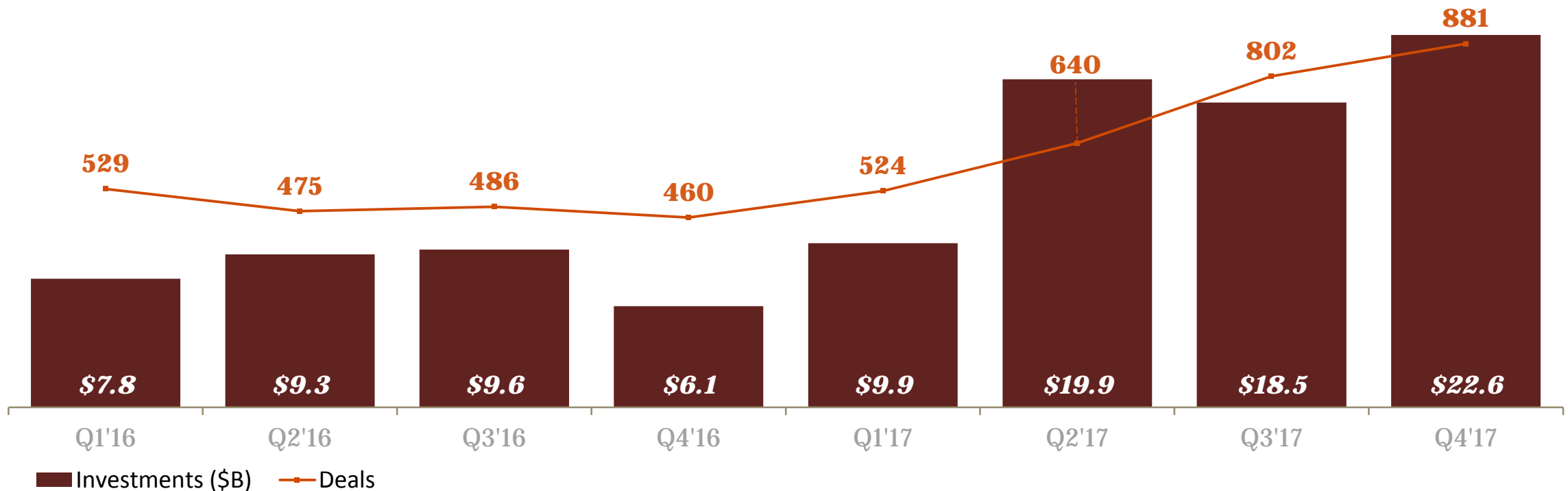


8-quarter financing trend: Asia



Asia funding activity continues significant growth

- Quarterly funding increased by 22% as \$22.6B of capital was invested in China-based startups.
- Deals activity in Asia increased 10% in Q4'17 reaching 881, up from 802 in the quarter prior.

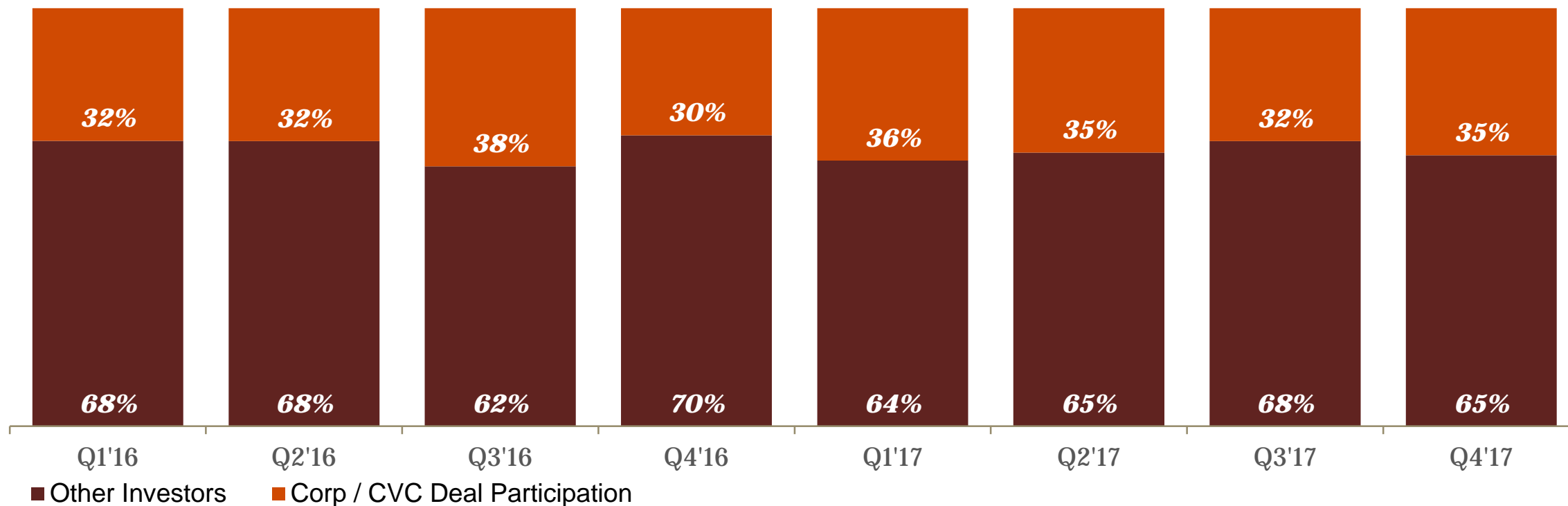


Asia corporate deal participation



Corporate participation in Asia increases after Q3'17

- Corporations (and/or their venture arms) participated in 35% of deals to VC-backed companies in Asia in Q4'17.
- This represents a return to the level of corporate participation recorded in the first half of 2017 and gives Asia the highest continental percentage compared to N. America and Europe by 11 percentage points.



Largest global deals of Q4'17



Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
Didi Chuxing	Beijing, China	Mobile & Telecommunications	Mobile Commerce		\$4,000M	Mubadala Investment Company, SoftBank Group
China Internet Plus	Beijing, China	Internet	e-Commerce		\$4,000M	Coatue Management, IDG Capital, Sequoia Capital China
Olacabs	Bengaluru, India	Mobile & Telecommunications	Mobile Commerce		\$1,100M	SoftBank Group, Tencent Holdings
Ofo	Beijing, China	Mobile & Telecommunications	Mobile Commerce		\$1,000M	Alibaba Group
NIO	Shanghai, China	Automotive & Transportation	Automobile Manufacturing		\$1,000M	Baillie Gifford & Co., China Asset Management Co.
Lyft	San Francisco, United States	Mobile & Telecommunications	Mobile Commerce		\$1,000M	capitalG



Most active VC firms of Q4'17 globally



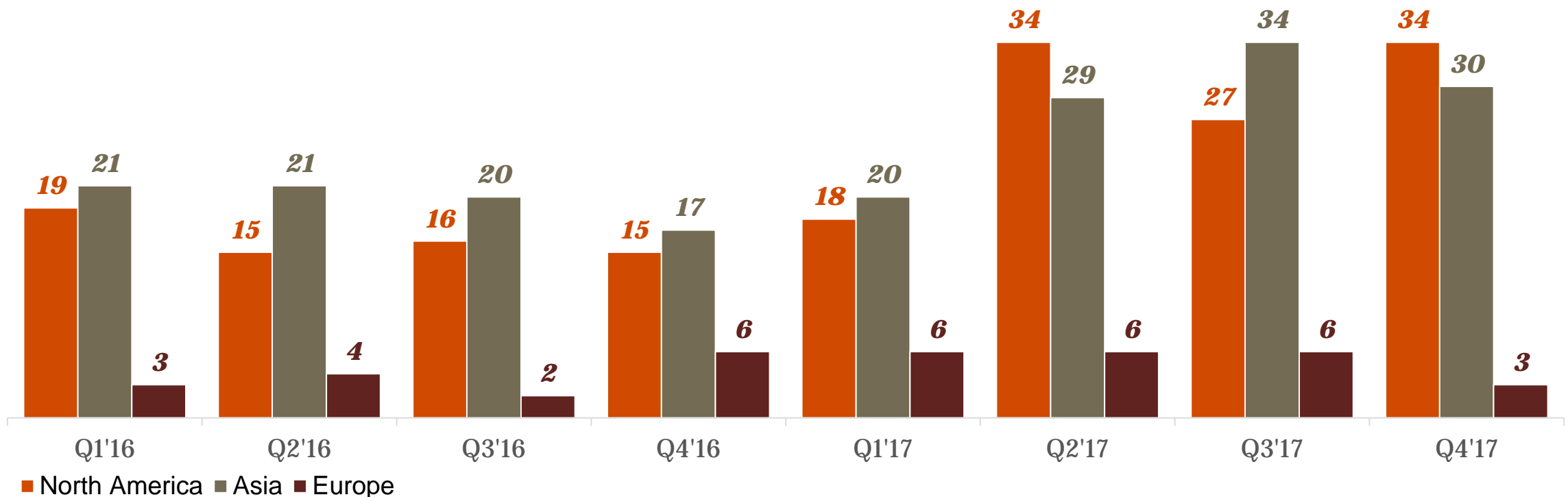
<i>Investor</i>	<i>Location</i>	<i>No. of Global Companies</i>	<i>Select Q4'17 Investments</i>
1. New Enterprise Associates	California, US	33	Allakos, Cydan, WellTok
2. Sequoia Capital China	Beijing, China	28	Guazi, Klook, Kneron
3. 500 Startups	California, US	26	Shippo, Trukker, Finova Financial
4. Intel Capital	California, US	25	Horizon Robotics, EchoPixel, MAANA
5. ZhenFund	Beijing, China	22	NEIWAI, TransferEasy, MioTech

Global mega-round activity



North America retakes market with most \$100M+ rounds

- North America and Asia record the third-straight quarter of nearly 30 mega-rounds of \$100M or more, combining for 64 mega-rounds together in Q4'17.

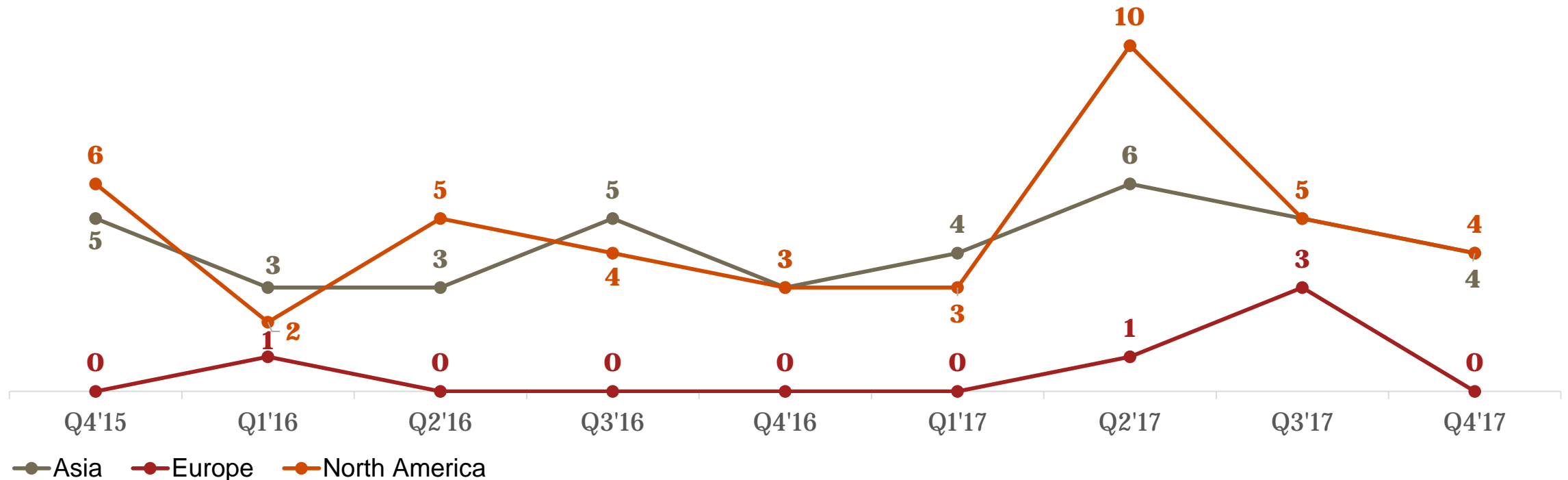


Global new unicorn births



Unicorn creation flattens in Q4'17

- North America saw 4 companies joining the ranks of private companies valued at \$1B or more in Q4'17, one less than Q3'17. Asia saw 4 companies become unicorns, one less than Q3'17.

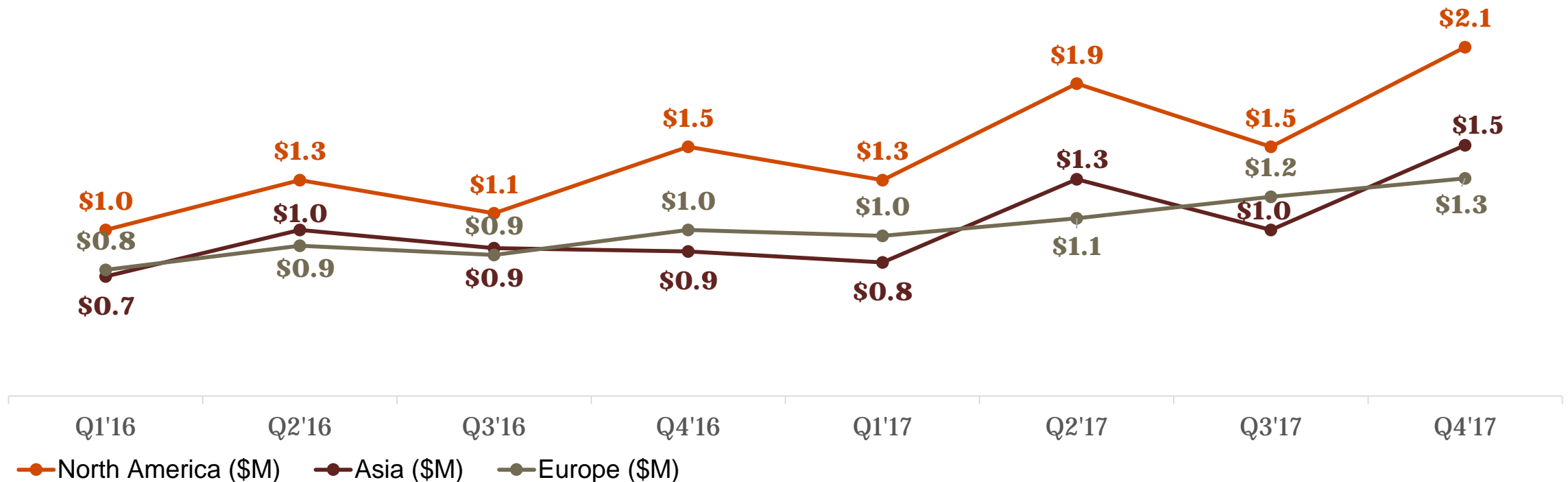


Global seed-stage median deal size



Seed deals sizes increase in North America and Asia

- Median North America deal sizes increased from \$1.5M to \$2.1M in Q4'17.
- Asia seed deals increased from a median of \$1M to \$1.5M this quarter.

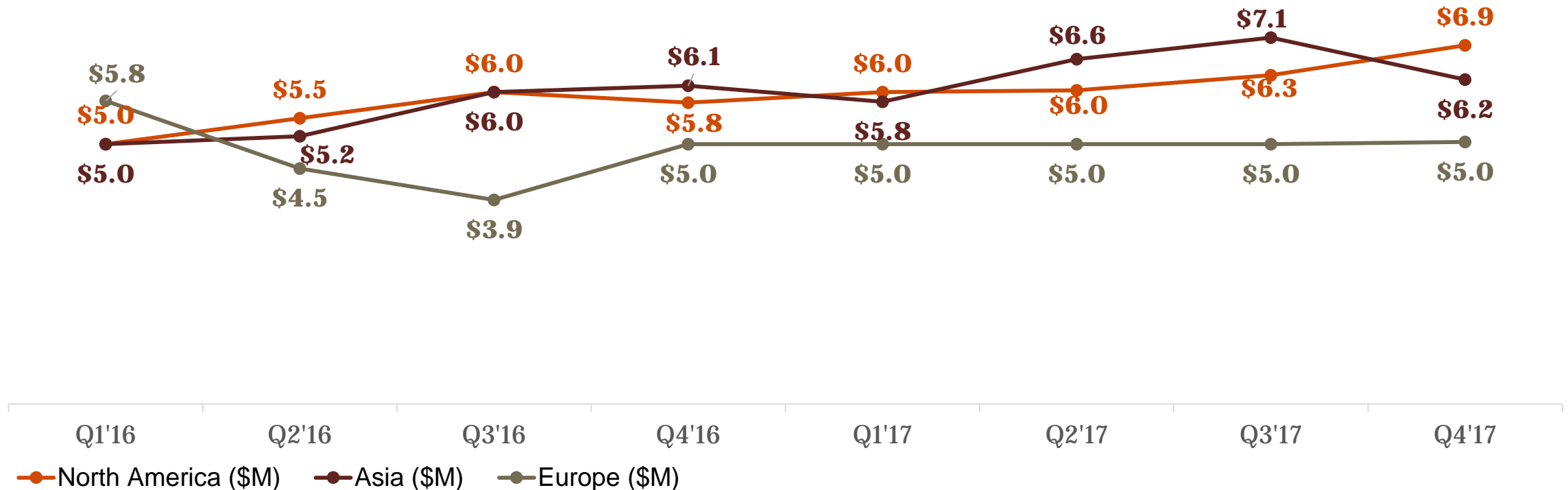


Global early-stage median deal size



North America retakes largest median early-stage deal sizes in Q4'17

- Median early-stage deal sizes in North America increased to \$6.9M this quarter. Asia median deal sizes declined to \$6.2M.

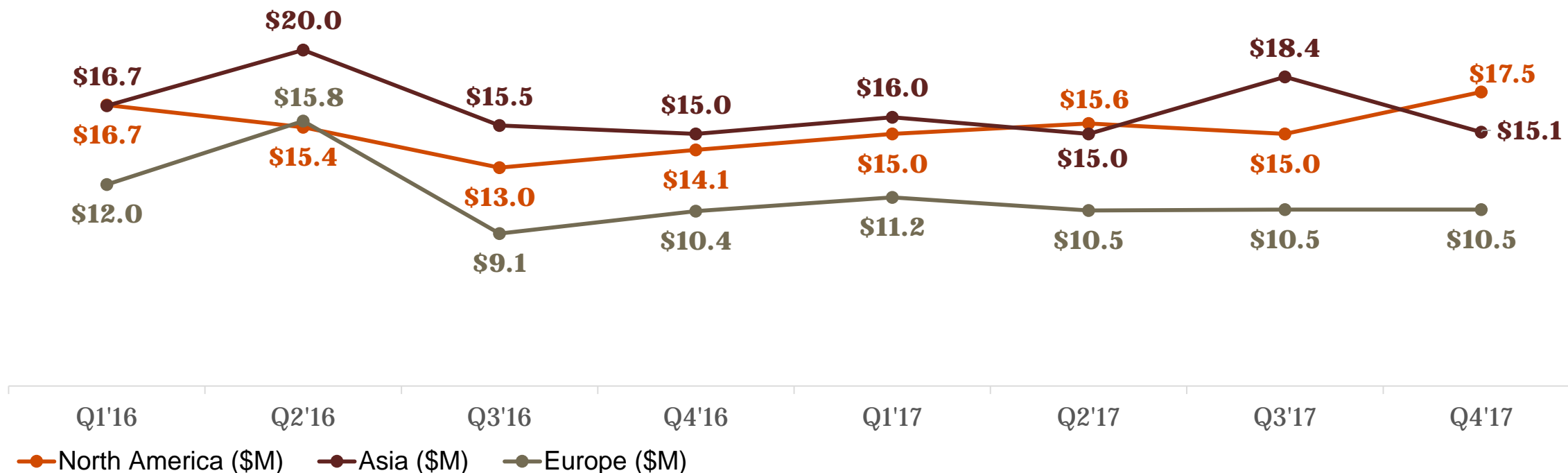


Global expansion-stage median deal size



Expansion-stage deal sizes decline in Asia, North America deal sizes bend upwards

- Median expansion-stage deal sizes in Asia slid to \$15.1M in Q4'17, down from \$18.4M in Q3'17.
- North America expansion-stage deal sizes increased from \$15M to \$17.5M.

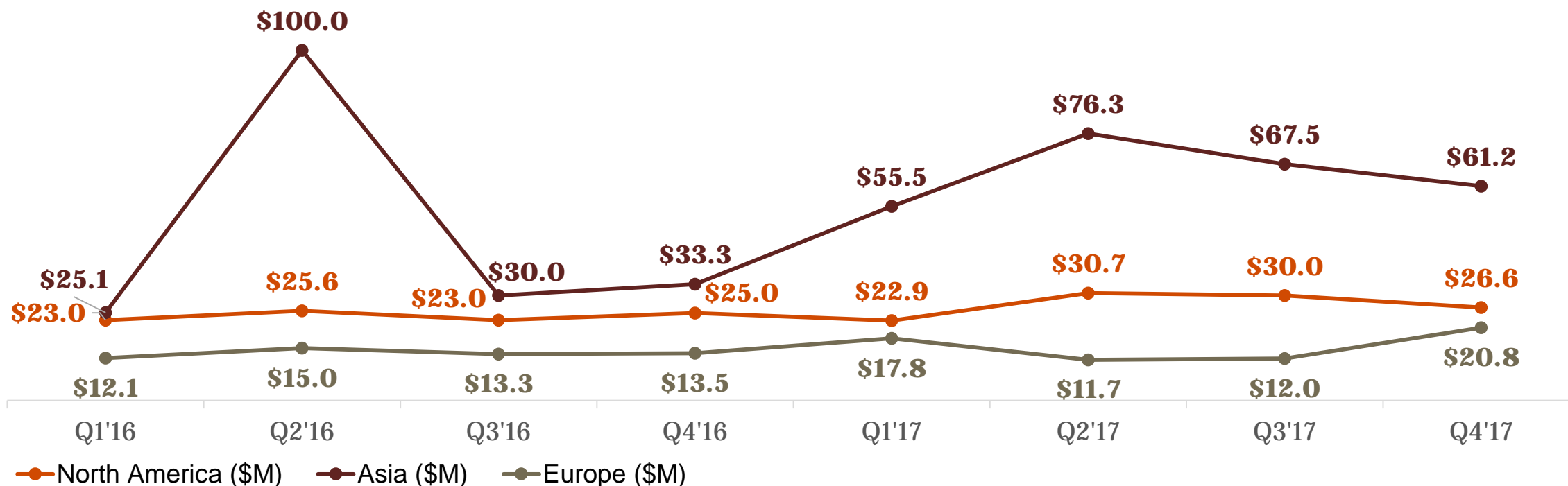


Global later-stage median deal size



Asia later-stage deal sizes decrease but remain head and shoulders above North America and Europe

- Median later-stage deal sizes declined from \$67.5M in Q3'17 to \$61.2M in Q4'17.
- North America deal sizes declined to \$26.6M after two quarters at ~\$30M. Europe later-stage deal sizes jumped up from \$12M in Q3'17 to \$20.8M in Q4'17.



Appendix

US States: Full listing

<i>State</i>	<i>\$M</i>	<i>No. of Deals</i>	<i>State</i>	<i>\$M</i>	<i>No. of Deals</i>	<i>State</i>	<i>\$M</i>	<i>No. of Deals</i>	<i>State</i>	<i>\$M</i>	<i>No. of Deals</i>
Alabama	\$0.47	2	Idaho	\$0.5	1	Minnesota	\$107.5	7	Pennsylvania	\$150	23
Arizona	\$5.33	3	Illinois	\$388	34	Missouri	\$2.9	2	Rhode Island	\$1.8	1
California	\$8,982	470	Indiana	\$55.6	8	Montana	\$5.5	2	South Carolina	\$3.6	2
Colorado	\$268	40	Iowa	\$2.5	2	Nebraska	\$31.7	7	Tennessee	\$37	6
Connecticut	\$33	7	Kansas	\$34.6	3	Nevada	\$4.5	2	Texas	\$256	42
DC	\$214	10	Louisiana	\$13.7	3	New Jersey	\$70.7	12	Utah	\$188.8	18
Delaware	\$13.5	4	Maine	\$5	2	New York	\$2,829	167	Vermont	\$1	1
Florida	\$599	24	Maryland	\$401.7	15	North Carolina	\$102.7	16	Virginia	\$643.1	23
Georgia	\$574	14	Massachusetts	\$2,050	97	Ohio	\$22.2	16	Washington	\$301	32
Hawaii	\$5.5	1	Michigan	\$150.6	9	Oregon	\$149.4	14	Wisconsin	\$18.3	6

No disclosed quarterly activity: AK, AR, KY, MS, ND, NH, NM OK, WV, WY

Notes on methodology

PwC (pwc.com/moneytree) 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 tranching 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.

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