

*PwC / CB Insights*

# *MoneyTree™ Report*

Q4 2018



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## *Executive summary*

**\$100M+ deals drive 2018 global funding to highest levels since 2000, with US startups raising \$99.5B over 5,536 deals.**

**Annual US funding nears record amid falling deal activity:** US VC funding jumped to \$99.5B, the highest yearly funding level since 2000, over 5,536 transactions, the lowest level of deal activity since 2013.

**\$100M mega-rounds drive funding higher:** Driving the trend toward fewer, bigger deals, US companies raised a record number of mega-rounds in 2018, with 184 \$100M+ funding rounds.

**Seed-stage deal share continues to fall in 2018:** Seed-stage deal share fell to 25%, the third consecutive yearly decline, as larger, later-stage deals take up more US funding.

**US sees a record number of new unicorns:** 53 US VC-backed companies saw their valuation rise to over \$1B in 2018 – a record number of new unicorns.

**Artificial Intelligence funding peaks in Q3'18:** AI-related funding declined in Q4'18 to \$2.4B, from \$2.7B in Q3'18, after increasing in the first three quarters of 2018.

**2018 Global funding surges 21% compared to 2017, approaching 2000 record.**

**Global funding hits \$207B:** Total annual global VC funding increased by 21% to \$207B. Deal activity rose 10%, to 14,247 transactions.

**Asia funding increases moderately amid surging deal activity:** Asia was an exception to falling global deal activity, with 5,066 transactions in 2018, a 42% increase compared to 2017. Funding in the region increased by 11%, to \$80.9B.

**San Francisco funding hits historical record in 2018:** VC funding in San Francisco jumped by 55% in 2018 to \$28B, from \$18B in 2017. Quarter-over-quarter, however, Q4'18 saw a decline in funding (-17%) and deal activity (-5%).

**New York Metro funding sets historical record in 2018:** VC funding in the New York Metro area reached \$13B in 2018, up from \$12B in 2017 which also set the record. Quarter-over-quarter, however, funding fell significantly in Q4'18, falling 65% to \$2.1B, from a massive \$5.8B in Q3'18. Deal activity fell slightly, to 160 transactions in Q4'18, from 163 in Q3'18.

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## *Table of contents*



**4 US Overall Trends**



**16 US Sectors**



**37 US Places**



**56 US Movers and Shakers**



**73 Global Trends**

01

# *US Overall Trends*





*In 2018*

# UNITED STATES

*VC-backed companies raised*

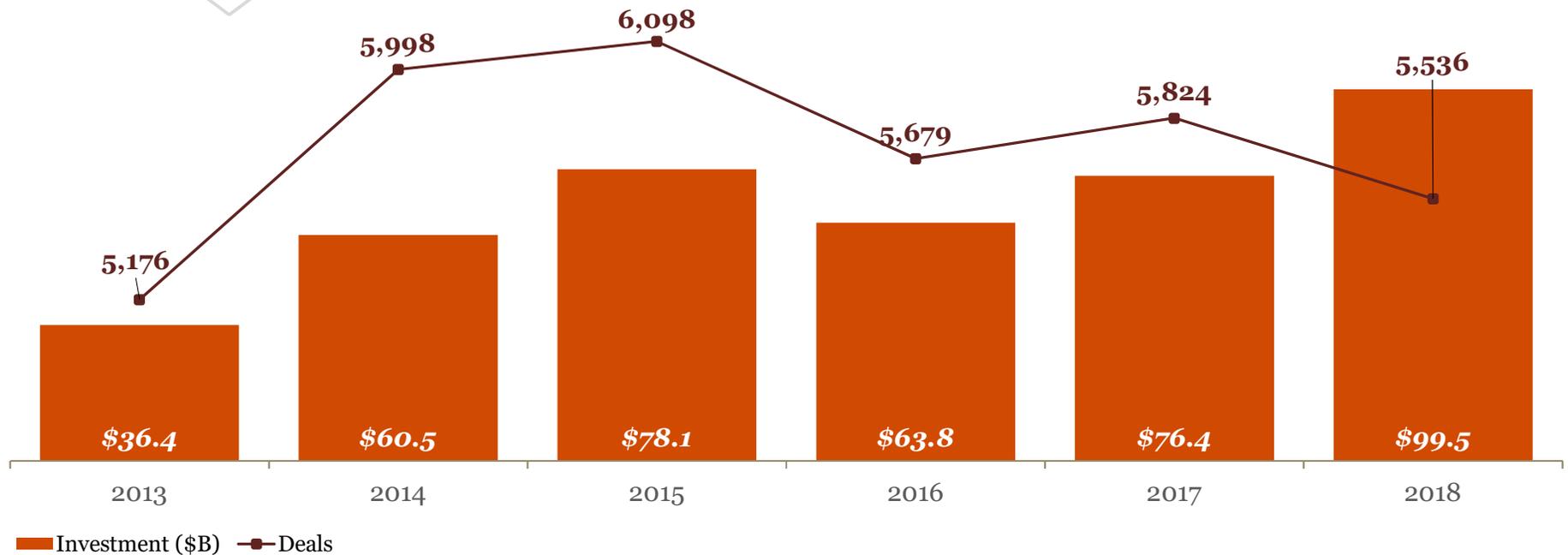
**\$99.5B**

# Annual US financing trend



## US annual funding hits \$99.5B amid falling deal activity

- Total annual funding in the US increased by 30% in 2018, as \$99.5B was invested across 5,536 deals.
- US deal activity fell to its lowest level since 2013, though later-stage mega-deals pushed annual funding to its highest level since 2000.

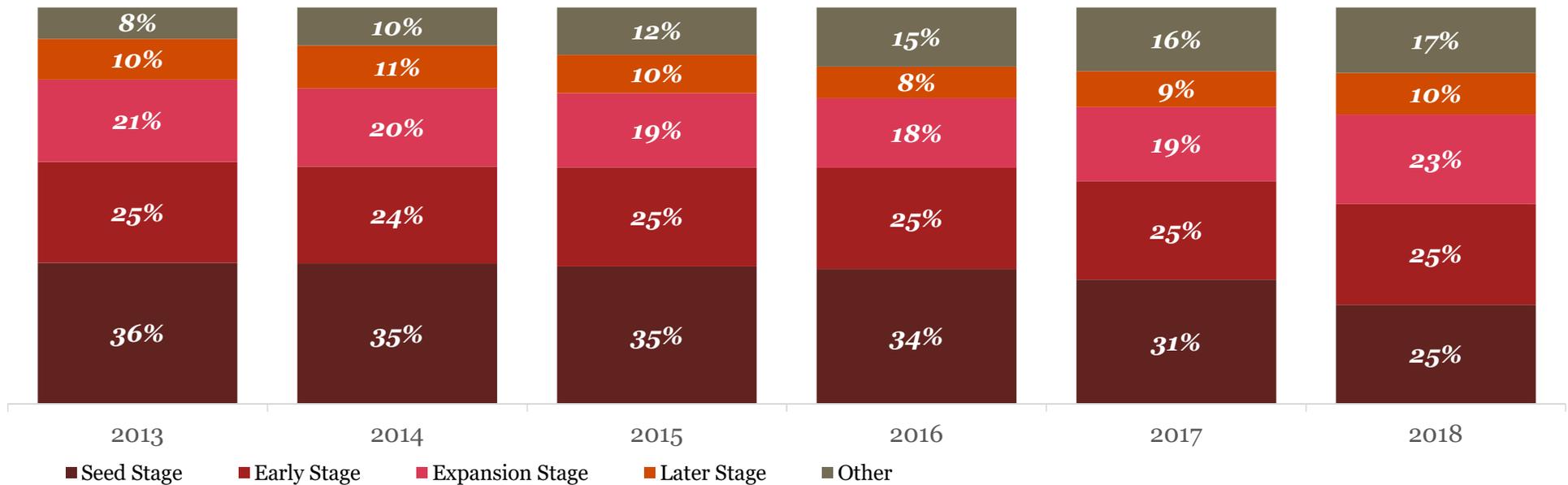


# US deal share by stage



## US seed activity declines for the fourth straight year

- Seed activity as a percentage of all deals fell to 25%, while later- and expansion-stage activity increased for the second straight year.
- Increasing later-stage deals and decreasing early-stage deals are contributing to the trend of fewer, bigger VC deals.





*In Q4 2018*

# UNITED STATES

*VC-backed companies raised*

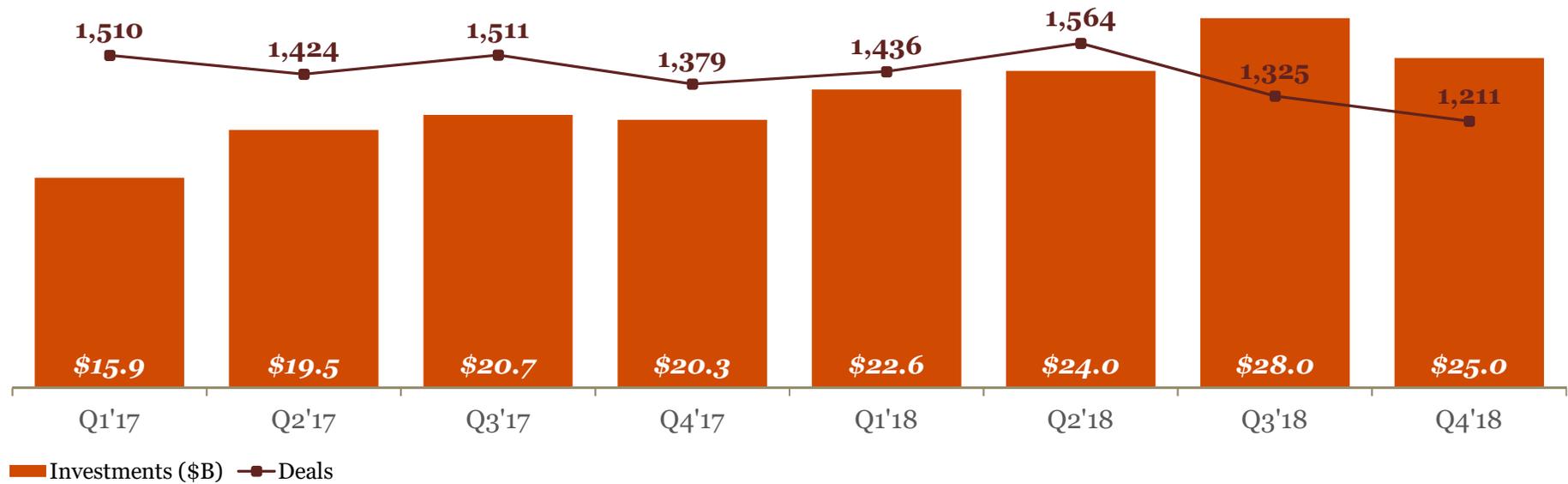
**\$25.0B**

# 8-quarter US financing trend



## US deals and funding slip in Q4'18

- Deal activity fell 9% in Q4'18, as \$25B was invested across 1,211 deals. Funding fell from a record \$28B in Q3'18.
- 49 mega-rounds of \$100M or more added to the strong US quarterly funding total.



## *US financing trends*



“

2018 was a phenomenal year for US venture capital, with \$99.5B invested --- a record-breaking 55 unicorn births, 184 mega-rounds, and funding levels at their highest since 2000 (\$119.6B).

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

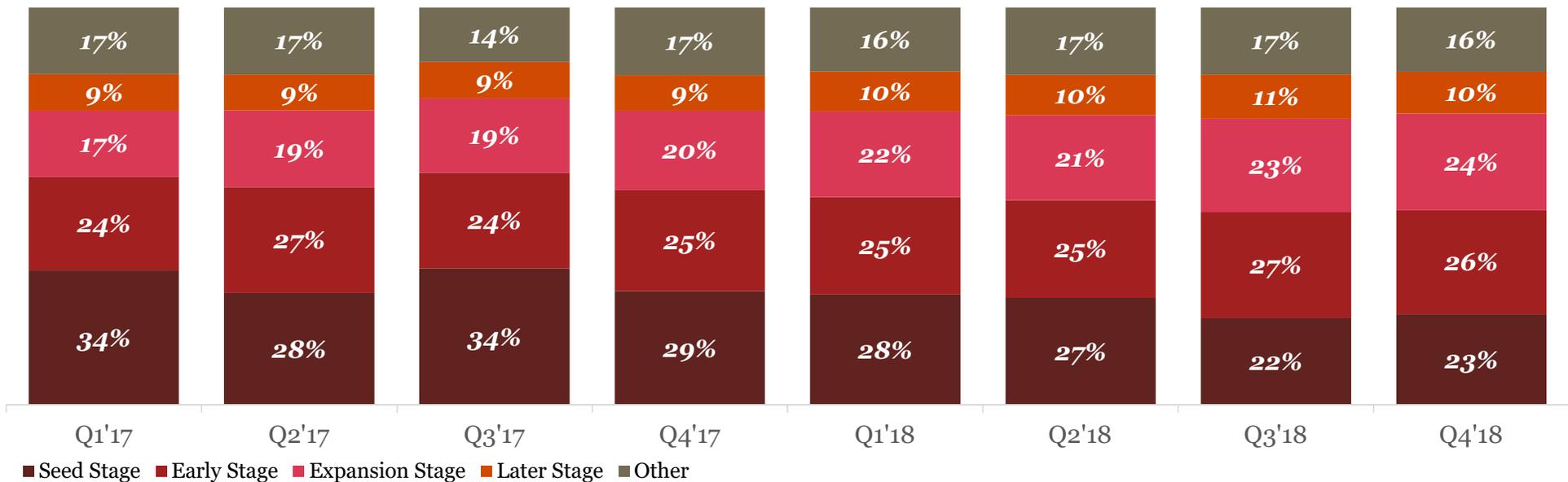
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# US deal share by stage



## US seed activity rose moderately, but still within a downward trend

- Seed-stage activity rose slightly to 23% of all deals, but was well below levels from a year prior.
- Expansion-stage deal activity was up slightly, at 24% of all deals, compared to 20% a year prior.

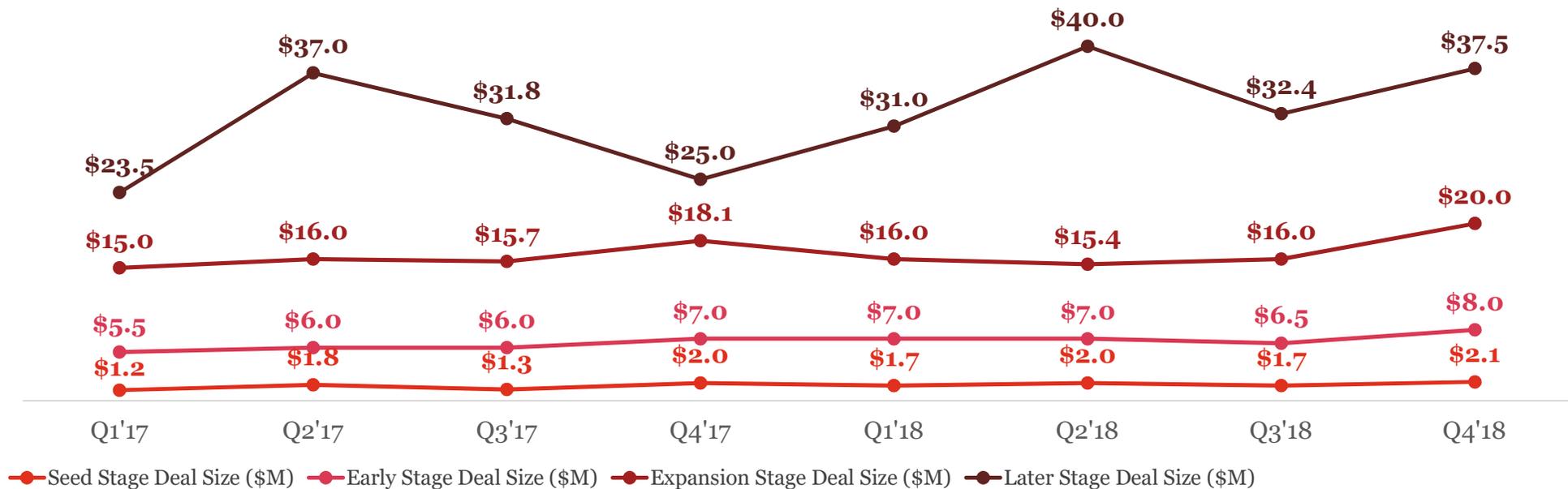




## Median US deal sizes by stage

Median deal sizes are up across the board in Q4'18, with later-stage median rising to \$37.5M

- Expansion-stage deals hit a median size of \$20M, up from \$16M in Q3'18.
- Later-stage median deal rose to \$37.5M in Q4'18, up from \$32.4M in Q3'18.

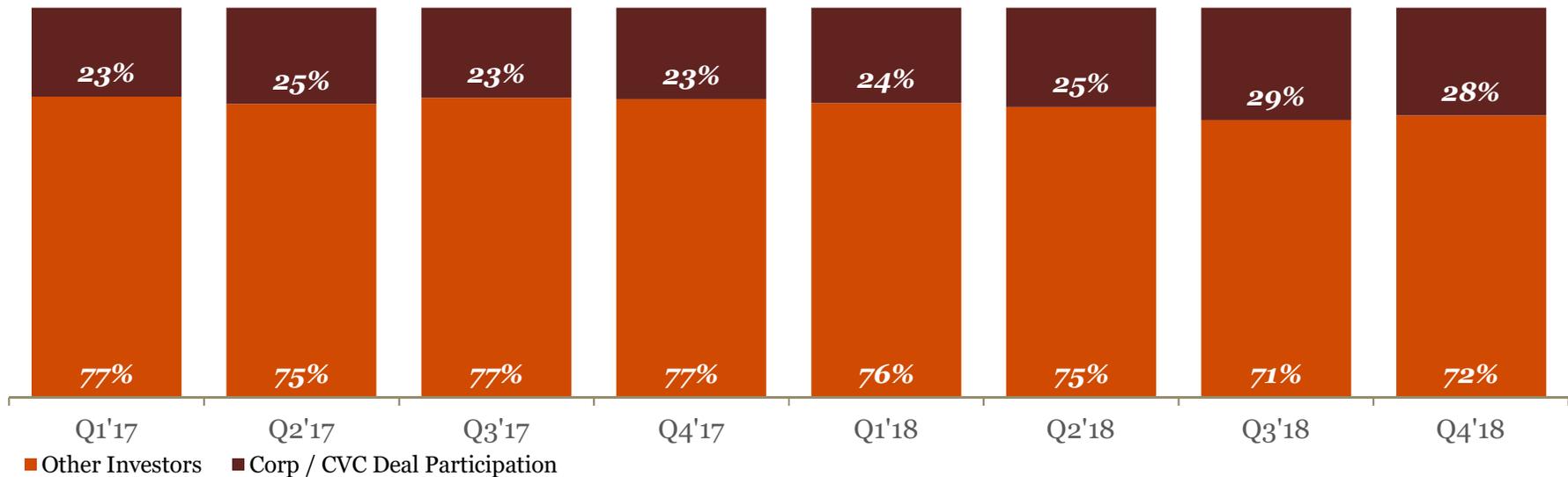


# US corporate deal participation



## Corporate deal participation steady at 28% of all VC deals

- Corporate participation in US VC deals was at 28% in Q4'18, down 1% compared to Q3'18.
- Compared to a year prior, corporate participation was up 5% at year-end 2018.

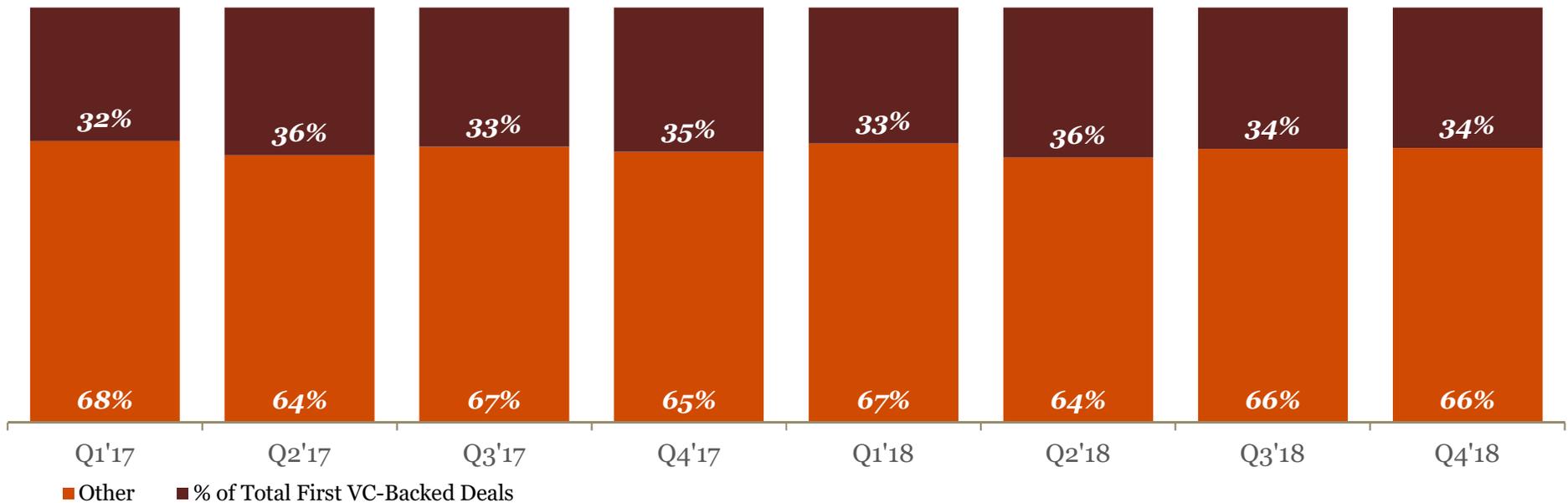


# US first venture financing share (Quarterly)



## First venture rounds as a percentage of all deal activity flat in Q4'18

- In Q4'18, 34% of all US deals were first venture financings.
- Throughout 2018, first venture rounds stayed in the 33-36% range of all deal activity.

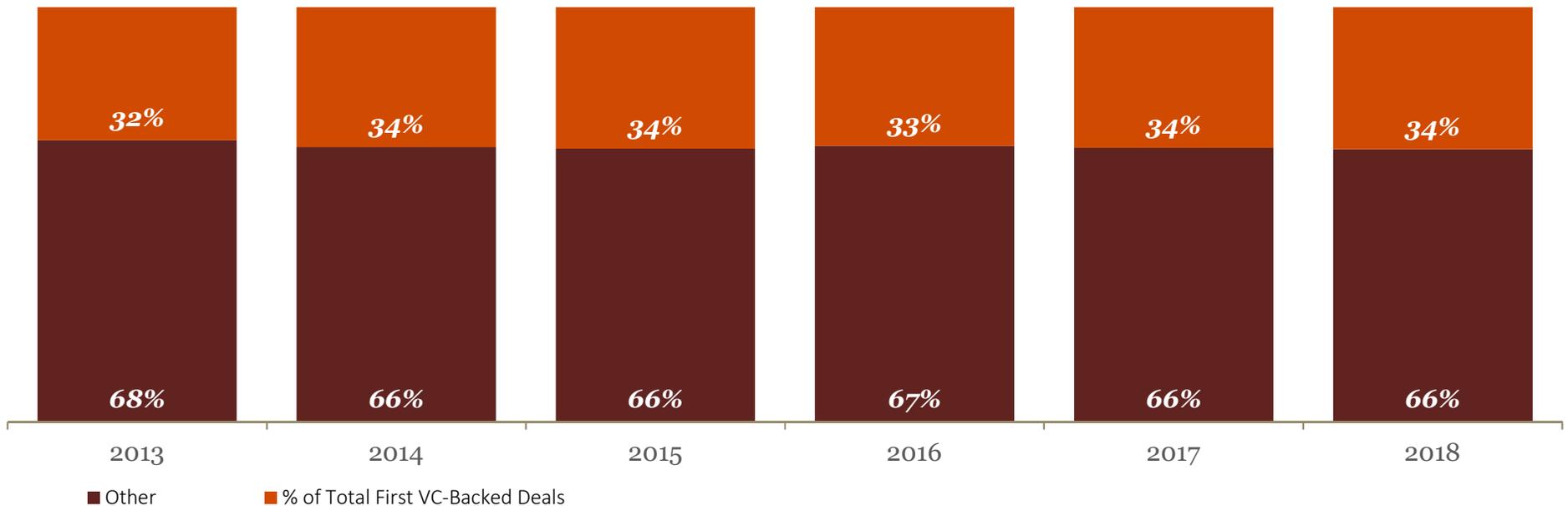


# US first venture financing share (Annual)



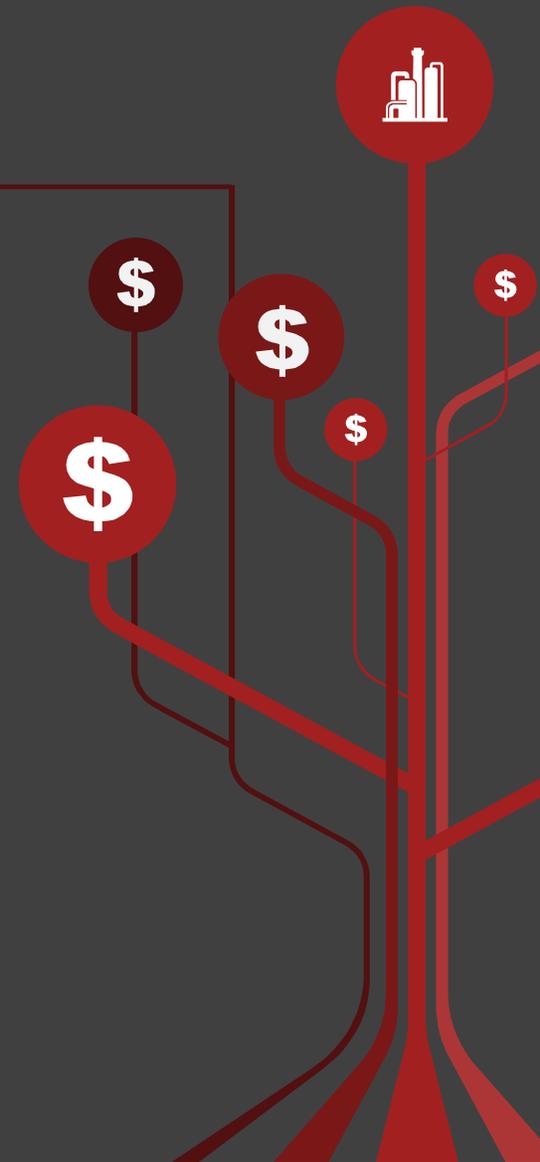
## Annual proportion of first venture rounds flat in 2018

- In 2018, first venture rounds accounted for 34% of all deals, flat compared to 2017.

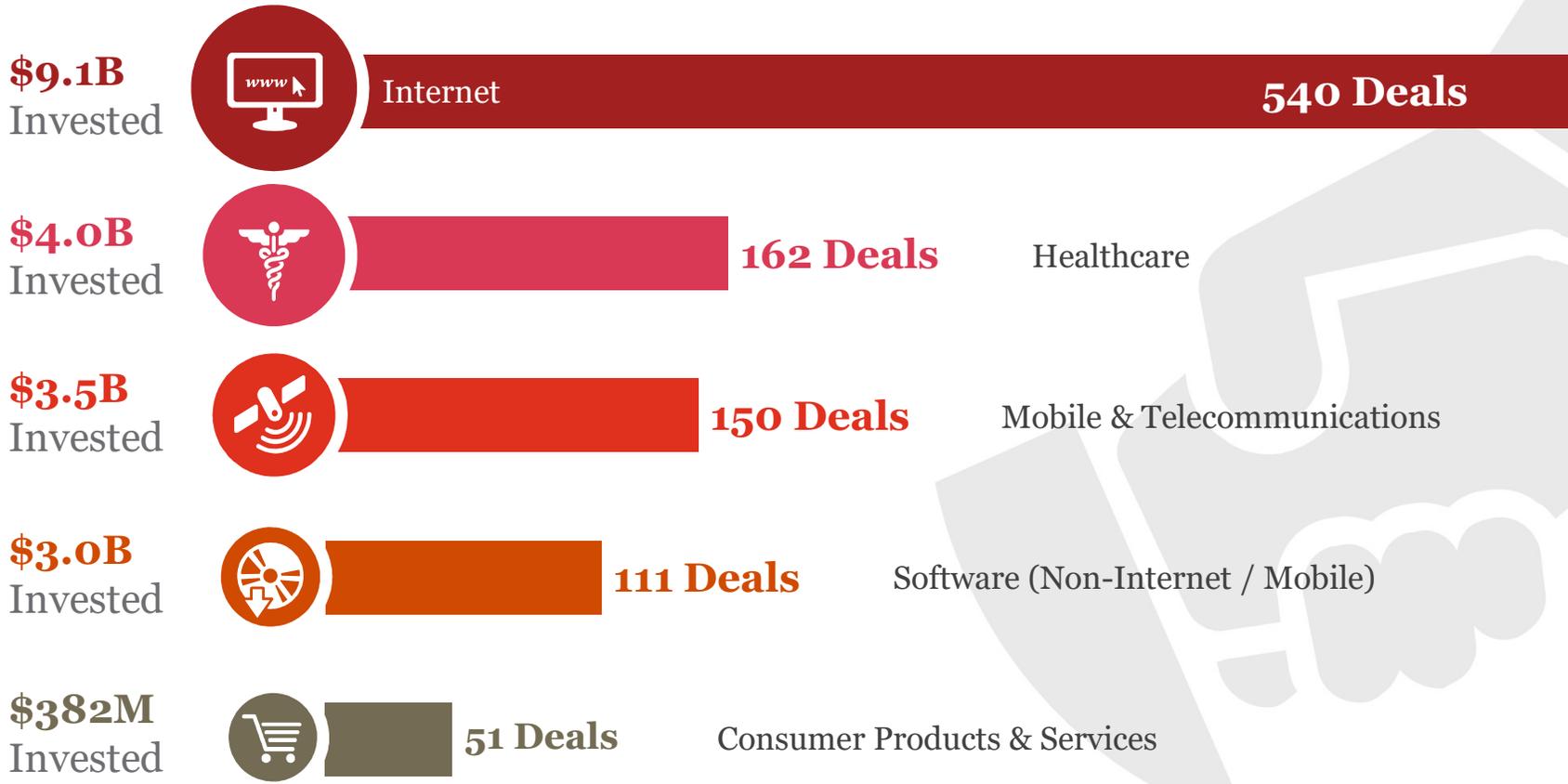


02

# *US Sectors*



# US deals and funding by Top 5 sectors, Q4'18

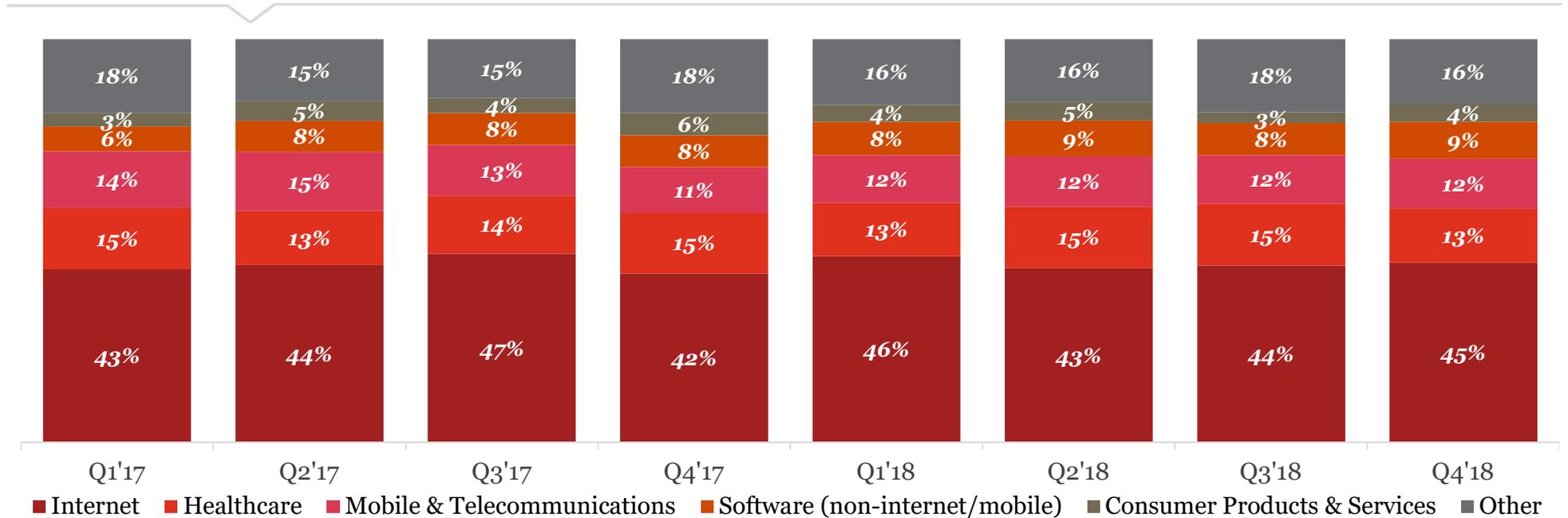




## US deal share by sector

### Internet deal share up slightly at 45%; Healthcare falls to 13% of all US VC deals

- Internet deal share was up slightly at 45% of all deals, compared to 44% in Q3'18.
- Healthcare deal share fell to 13%, down from 15% in Q3'18.



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## *Artificial Intelligence*

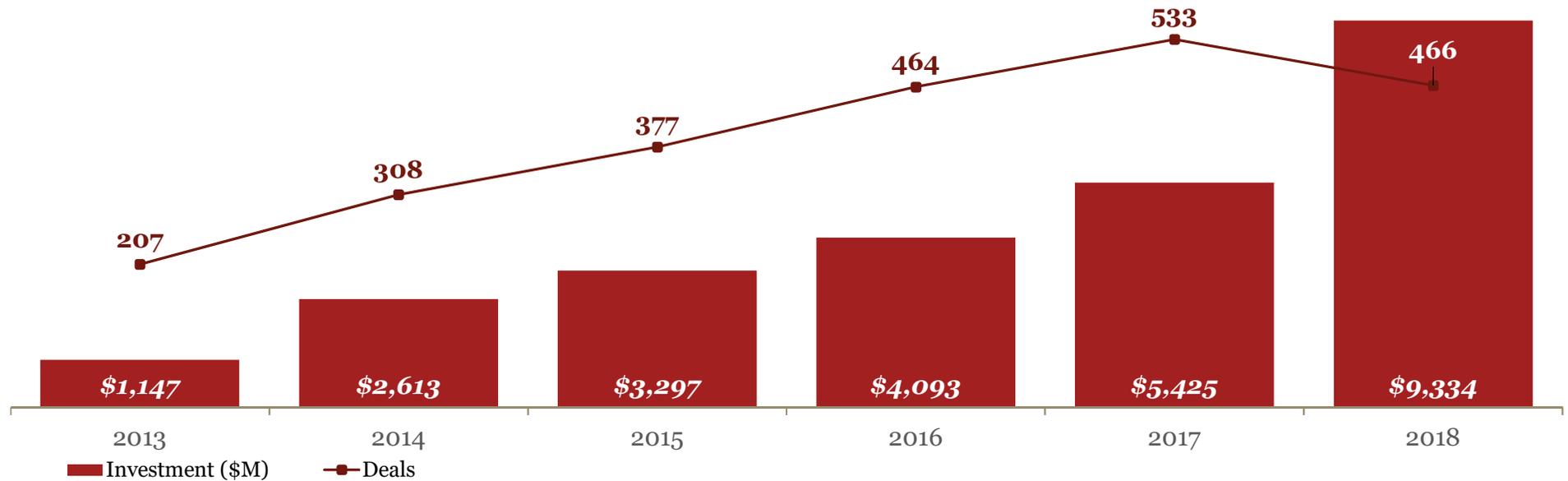


# AI: US annual funding



## AI-related funding jumps sharply after increasing every year since 2013

- AI-related companies raised \$9.3B in 2018, a 72% increase compared to 2017.
- Deal activity dipped to 466 from 533 in 2017, after increasing for four years.

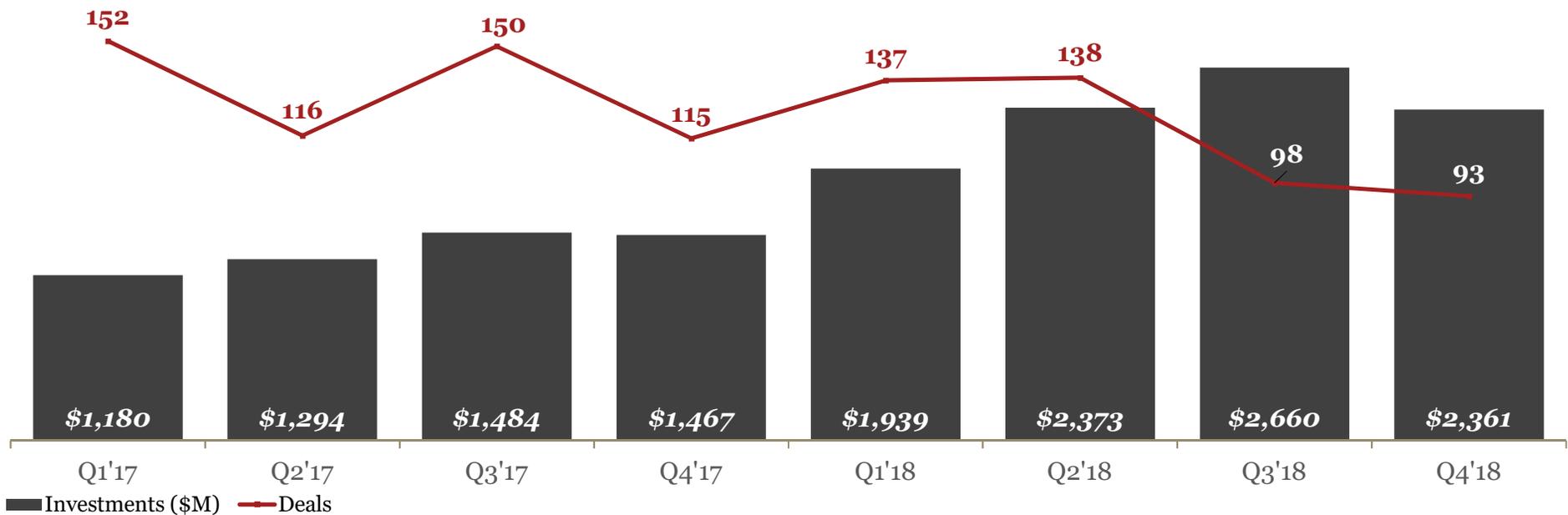




## AI: US quarterly funding

### AI-related deal activity falls in Q4'18 for the second-straight quarter

- Funding and deal activity in the AI space fell in Q4'18.
- Nearly \$2.4B was raised over 93 deals, compared to \$2.7B over 98 deals in Q3'18.

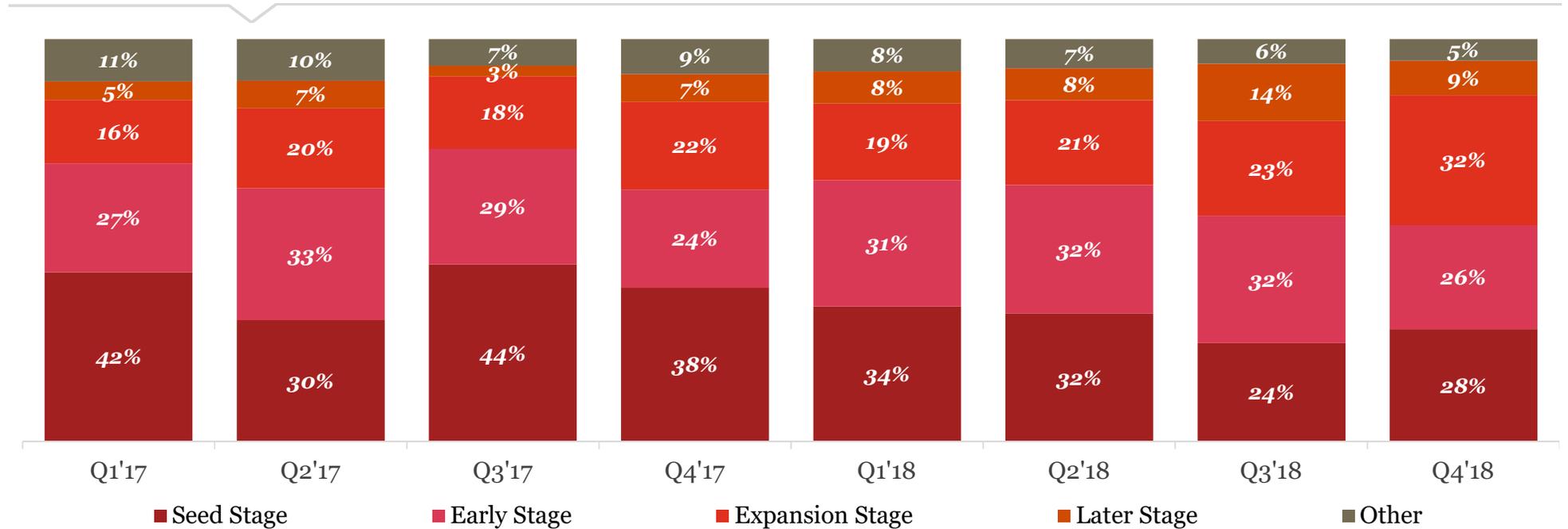


# AI: US deal share over time



## Seed-stage deal activity among AI-related companies rises to 28%

- Seed-stage deal activity in the AI space rose in Q4'18 to 28%, compared to 24% in Q3'18.
- Expansion-stage deal activity jumped to 32%, from 23%.





## AI: Top states by deals

<b>1. CA</b>	<b>53 deals</b> \$1,917M Invested
<b>2. MA</b>	<b>13 deals</b> \$247M Invested
<b>3. NY</b>	<b>10 deals</b> \$110M Invested
<b>4. TX</b>	<b>3 deals</b> \$10M Invested
<b>4. WA</b>	<b>3 deals</b> \$9M Invested



# AI: Largest US deals of Q4'18

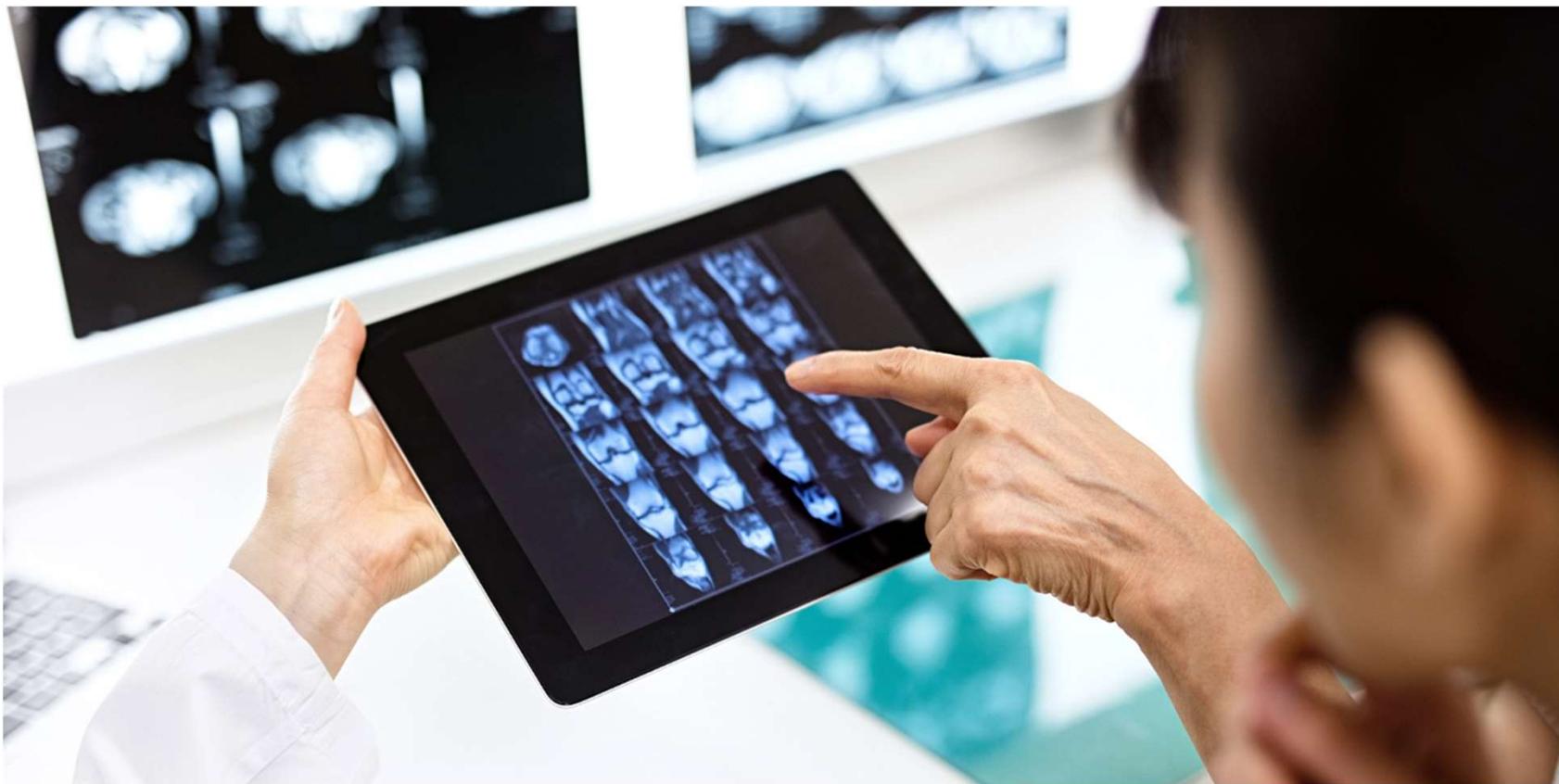


Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
Zymergen	Emeryville, CA	Software (non-internet / mobile)	Healthcare		\$400M	Data Collective, SoftBank Group, True Ventures, Two Sigma Ventures
Automation Anywhere	San Jose, CA	Software (non-internet / mobile)	Scientific, Engineering Software		\$300M	SoftBank Group
Tanium	Emeryville, CA	Software (non-internet / mobile)	Security Software		\$200M	Adage Capital Management, Baillie Gifford & Co., Wellington Management
ZipRecruiter	Santa Monica, CA	Internet	Internet Software		\$156M	Institutional Venture Partners, Wellington Management
DataRobot	Boston, MA	Internet	Internet Software		\$100M	DFJ Growth Fund, Intel Capital, New Enterprise Associates



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## *Digital Health*

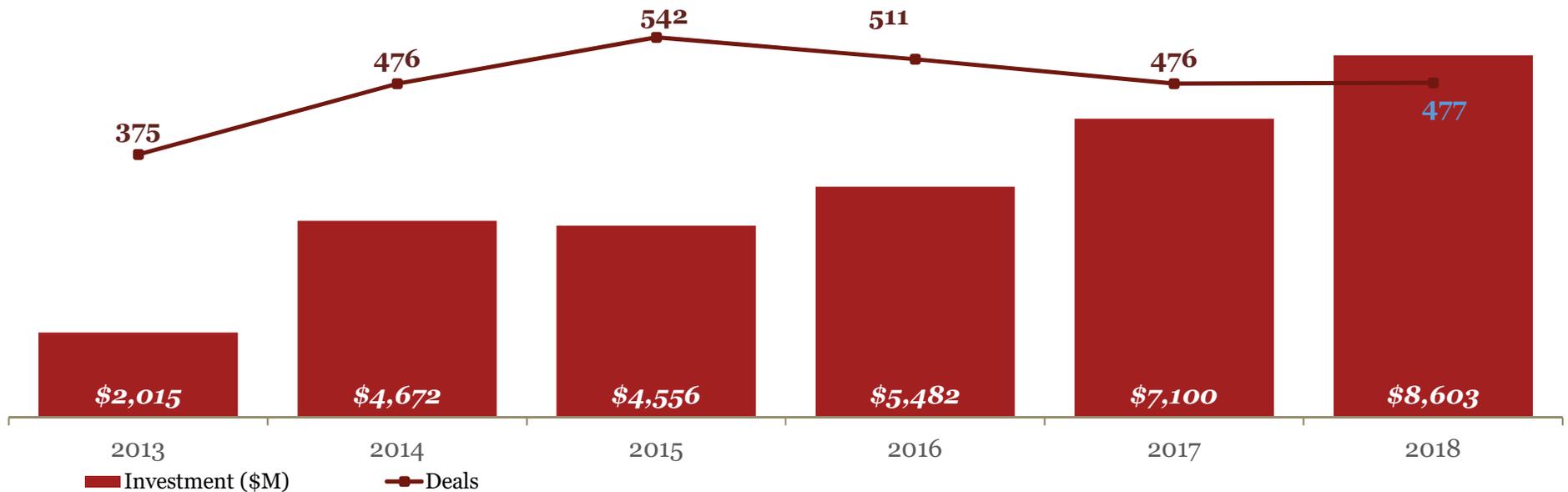




## Digital Health: US annual funding

### Digital Health funding jumps by 21% in 2018

- Digital Health companies raised \$8.6B in 2018, a 21% jump compared to 2017.
- Deal activity was up slightly, at 477 deals in 2018.

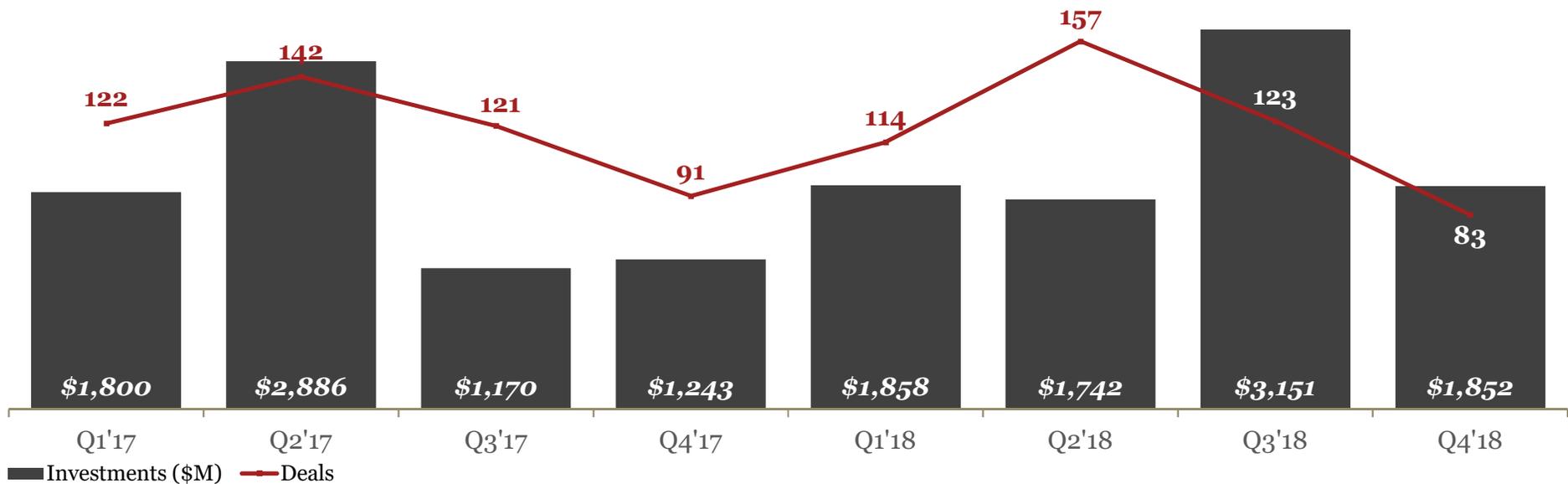




## Digital Health: US quarterly funding

### Digital Health-related companies see funding drop by 41%

- US Digital Health companies raised \$1.9B in Q4'18, a 41% drop compared to Q3'18.
- Deal activity also declined, falling to 83 deals from 123 in Q3'18.

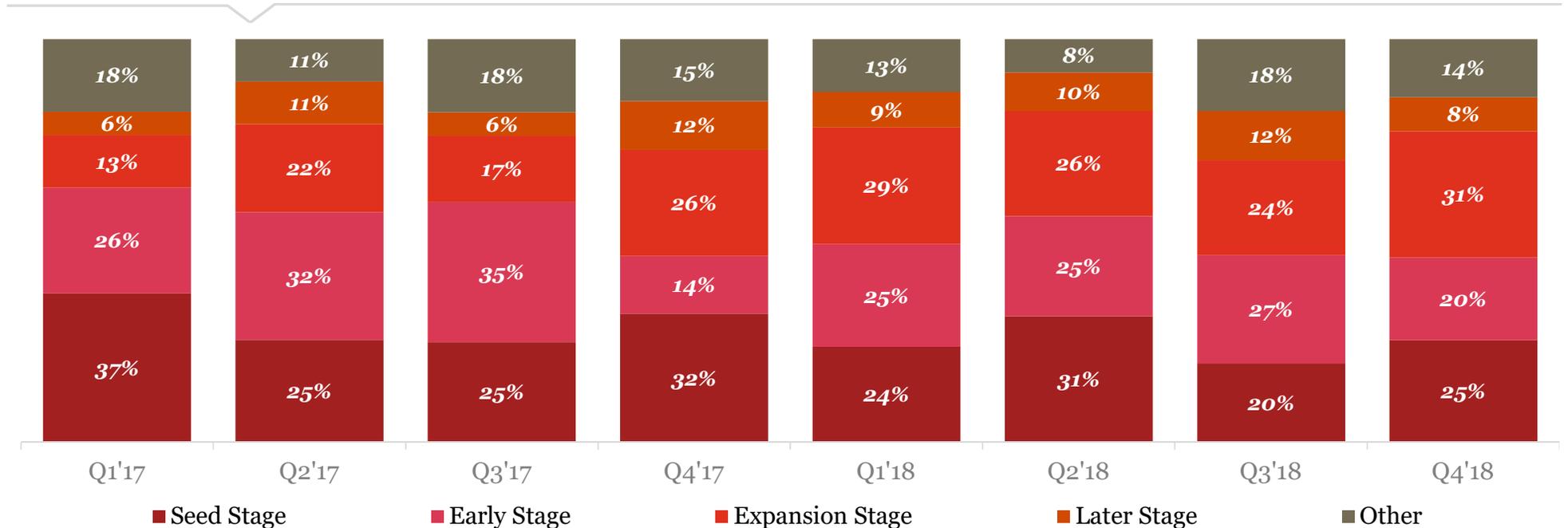




# Digital Health: US deal share over time

## Seed-stage Digital Health deal activity increased

- Seed-stage deal share rose to 25% of all Digital Health deals in Q4'18, up from 20% in Q3'18.





## Digital Health: Top states by deals

1. CA

**27 deals**  
\$277 Invested

2. MA

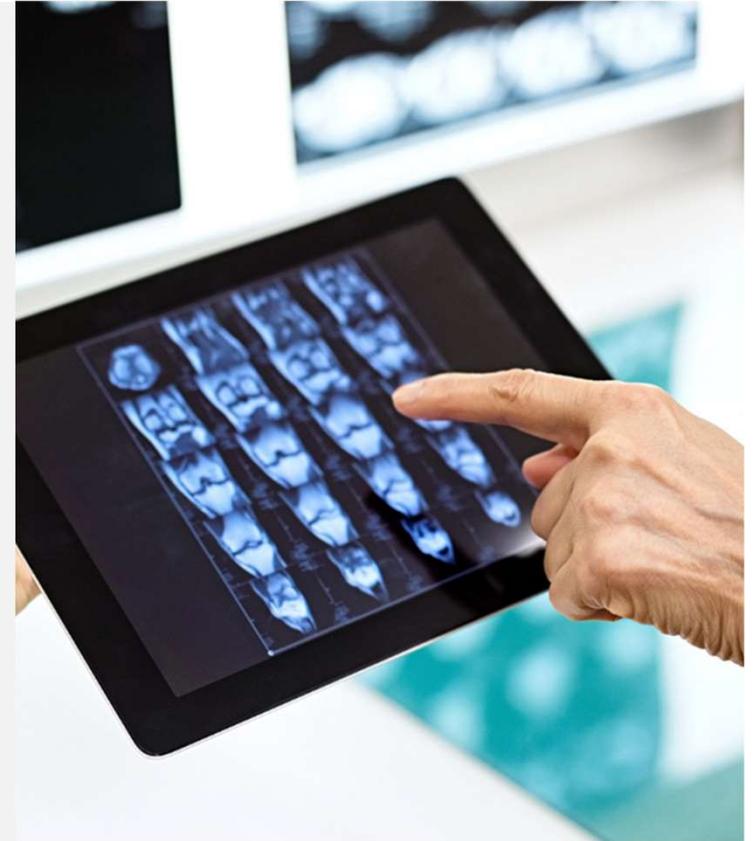
**12 deals**  
\$106M Invested

3. NY

**11 deals**  
\$224M Invested

4. TX

**5 deals**  
\$81M Invested



# Digital Health: Largest US deals of Q4'18



Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
Zymergen	Emeryville, CA	Software (non-internet/mobile)	Healthcare Software		<b>\$400M</b>	Data Collective, SoftBank Group, True Ventures, Two Sigma Ventures
SmileDirectClub	Nashville, TN	Internet	Internet Software & Services		<b>\$380M</b>	Clayton Dubilier & Rice, Kleiner Perkins Caufield & Byers, Spark Capital
Bright Health	Minneapolis, MN	Financial	Insurance		<b>\$200M</b>	Bessemer Venture Partners, Cross Creek Advisors, Declaration Partners
Schrodinger	New York, NY	Software (non-internet/mobile)	Healthcare Software		<b>\$100M</b>	Qiming Venture Partners; Undisclosed Investors
HNI Healthcare	Austin, TX	Software (non-internet/mobile)	Healthcare Software		<b>\$65M</b>	CRG



# Fintech

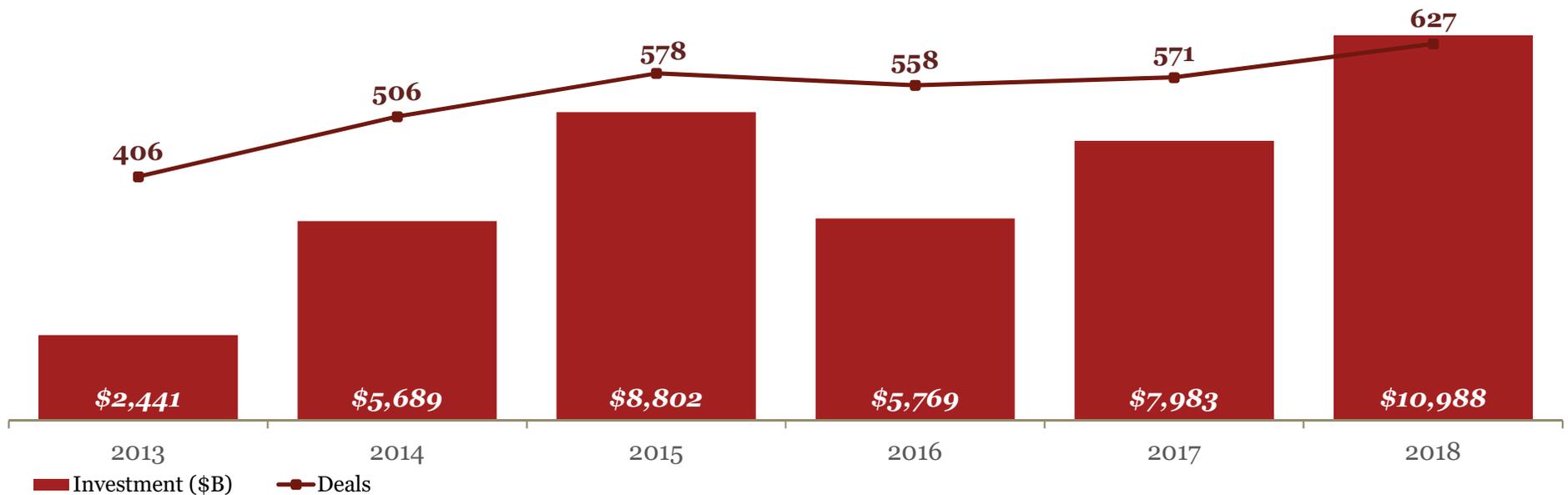




## *Fintech: US annual funding*

### **Fintech-related funding jumps 38% in 2018 amid rising deal activity**

- Total annual funding to US Fintech companies jumped 38% in 2018 to over \$11B, the second straight yearly increase.
- Deal activity rose to 627 transactions, up from 571 in 2017.

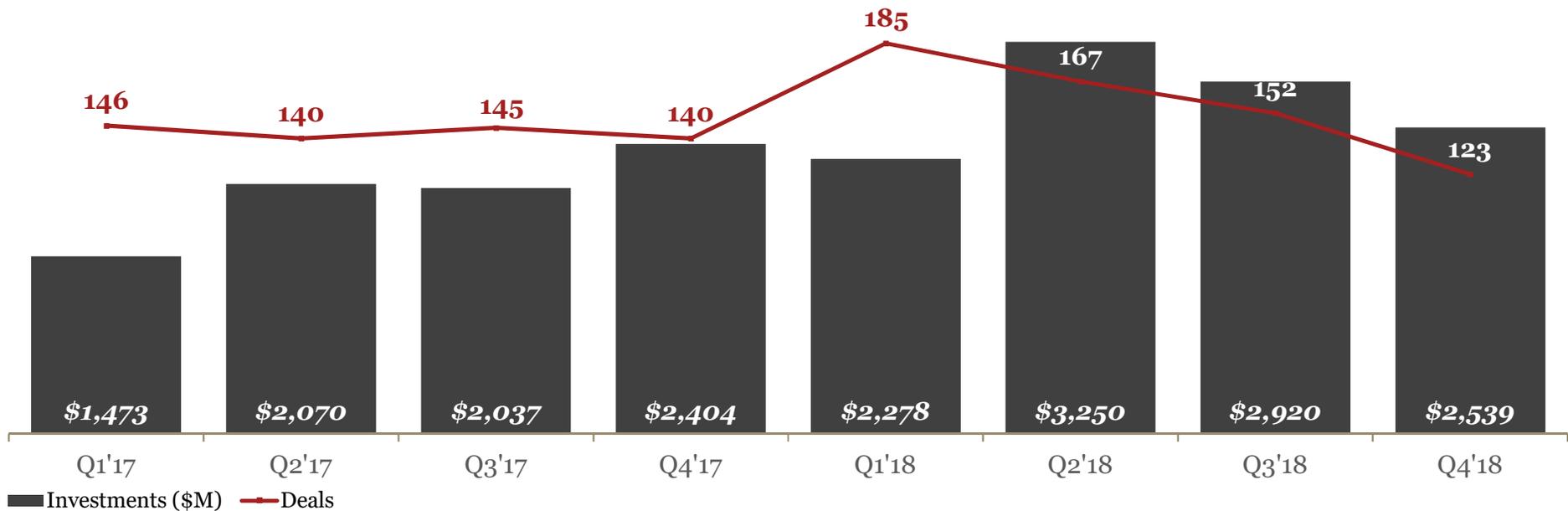




## Fintech: US quarterly funding

### Fintech funding and deal activity fall for the second straight quarter

- Fintech-related funding fell 13% in Q4'18 to \$2.5B, down from \$2.9B in Q3'18.
- Deal activity fell for the second straight quarter, to 123 transactions in Q4'18.

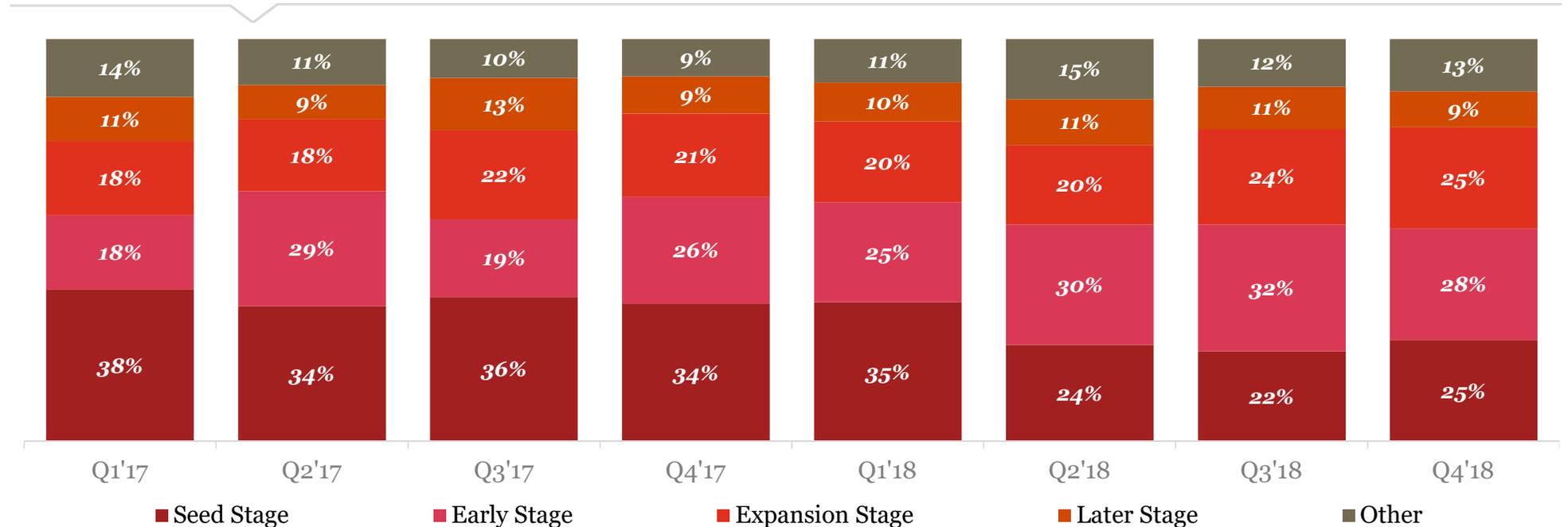




## Fintech: US deal share over time

### Seed-stage deal share increases slightly in Q4'18

- Seed-stage Fintech companies accounted for 25% of all deals in the space in Q4'18, up from 22% in Q3'18.





## *Fintech: Top states by deals*

**1. CA**

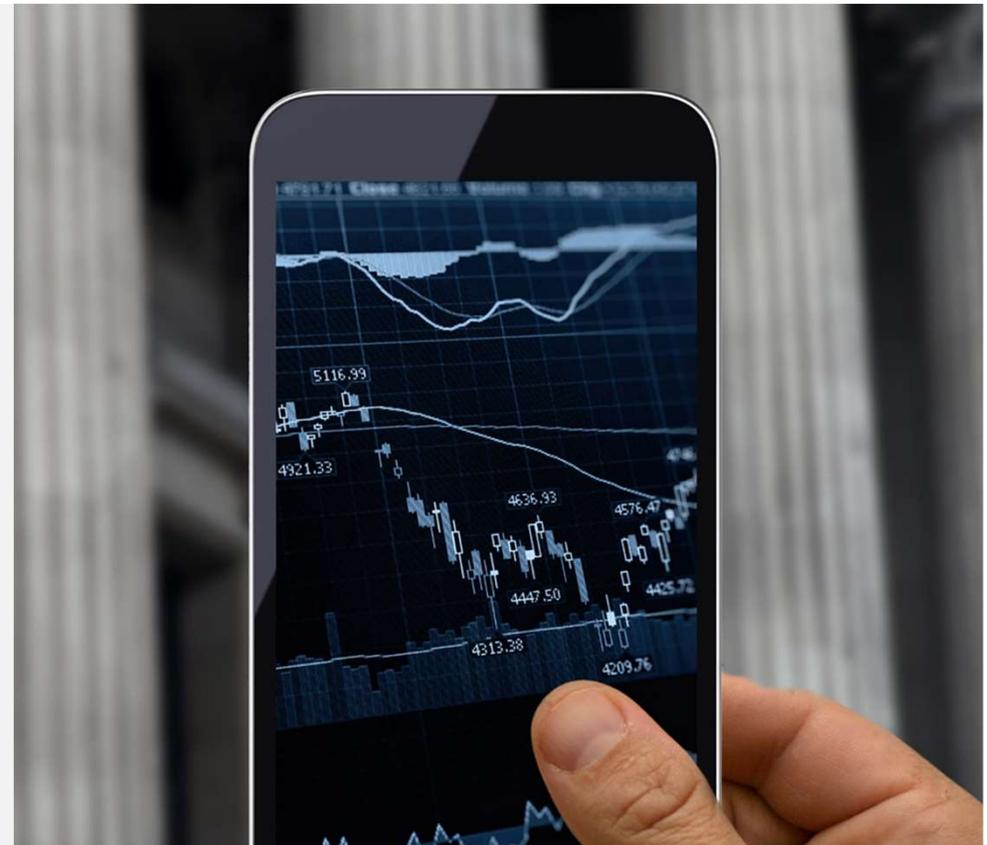
**53 deals**  
\$1,518M Invested

**2. NY**

**25 deals**  
\$189M Invested

**3. MA**

**10 deals**  
\$400M Invested





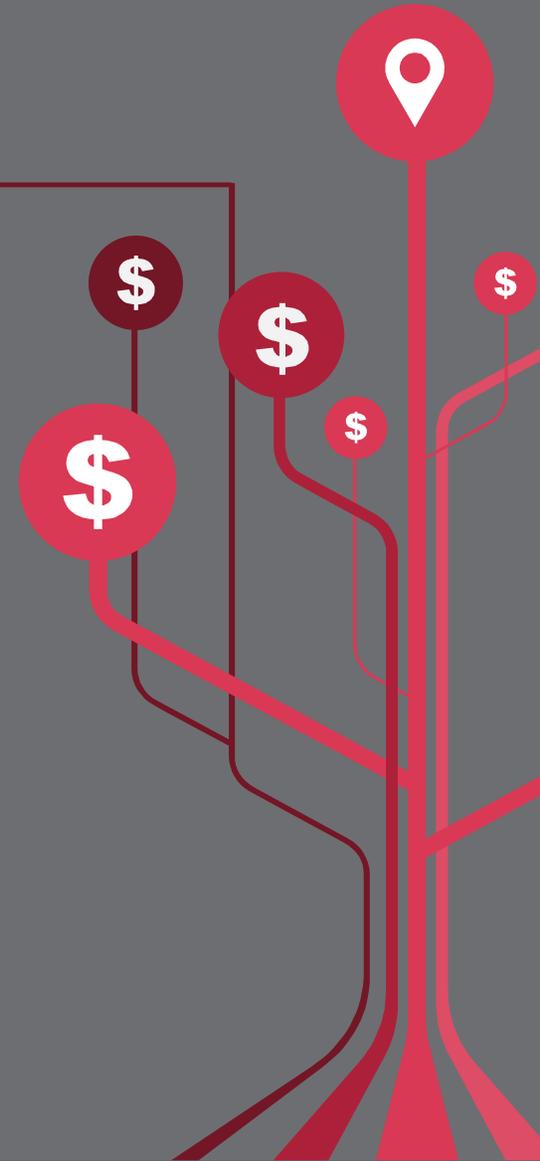
# Fintech: Largest US deals of Q4'18

Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
Coinbase	San Francisco, CA	Internet	Internet Software & Services		<b>\$300M</b>	Andreessen Horowitz, Polychain Capital, Tiger Global Management, Wellington Management, Y Combinator
Devoted Health	Waltham, MA	Healthcare	Medical Facilities & Services		<b>\$300M</b>	Andreessen Horowitz, F-Prime Capital, Premji Invest, Uprising, Venrock
Plaid Technologies	San Francisco, CA	Internet	Internet Software & Services		<b>\$250M</b>	Andreessen Horowitz, Goldman Sachs Investment Partners, Index Ventures, Mary Meeker, New Enterprise Associates, Spark Capital
Bright Health	Minneapolis, MN	Financial	Insurance		<b>\$200M</b>	Bessemer Venture Partners, Cross Creek Advisors, Declaration Partners
Earnin	Palo Alto, CA	Mobile & Telecommunications	Mobile Software & Services		<b>\$125M</b>	Andreessen Horowitz, Coatue Management, DST Global, March Capital Partners, Matrix Partners, Ribbit Capital, Spark Capital

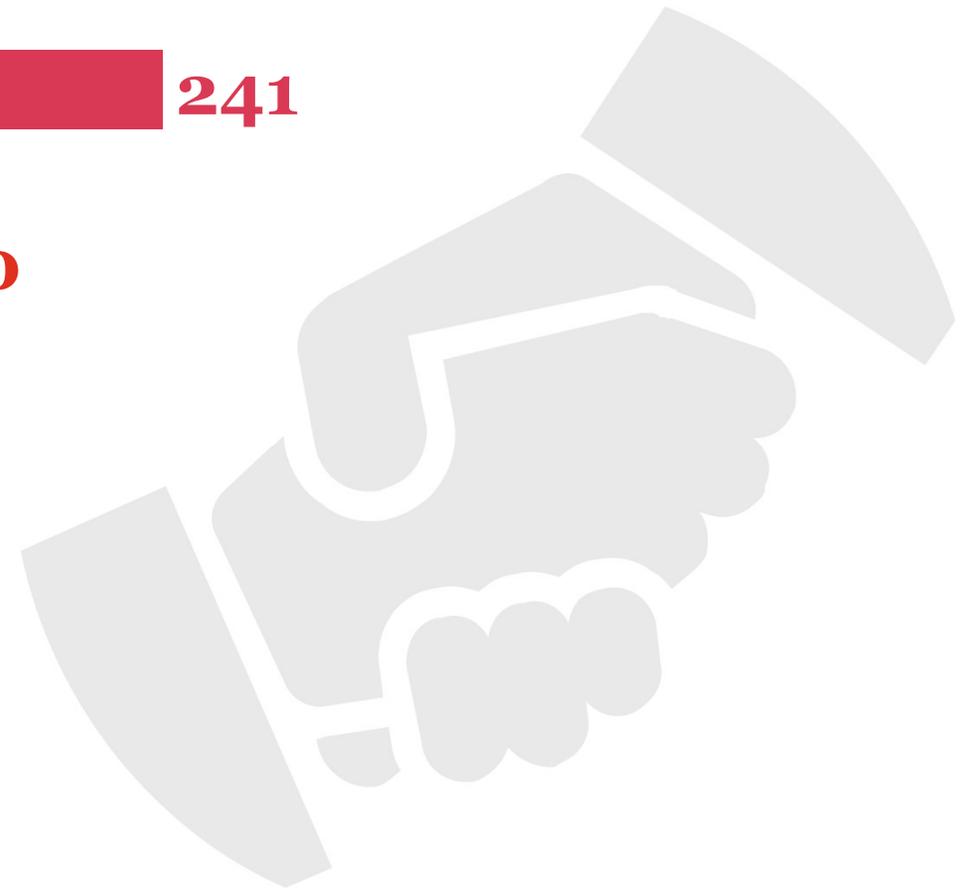
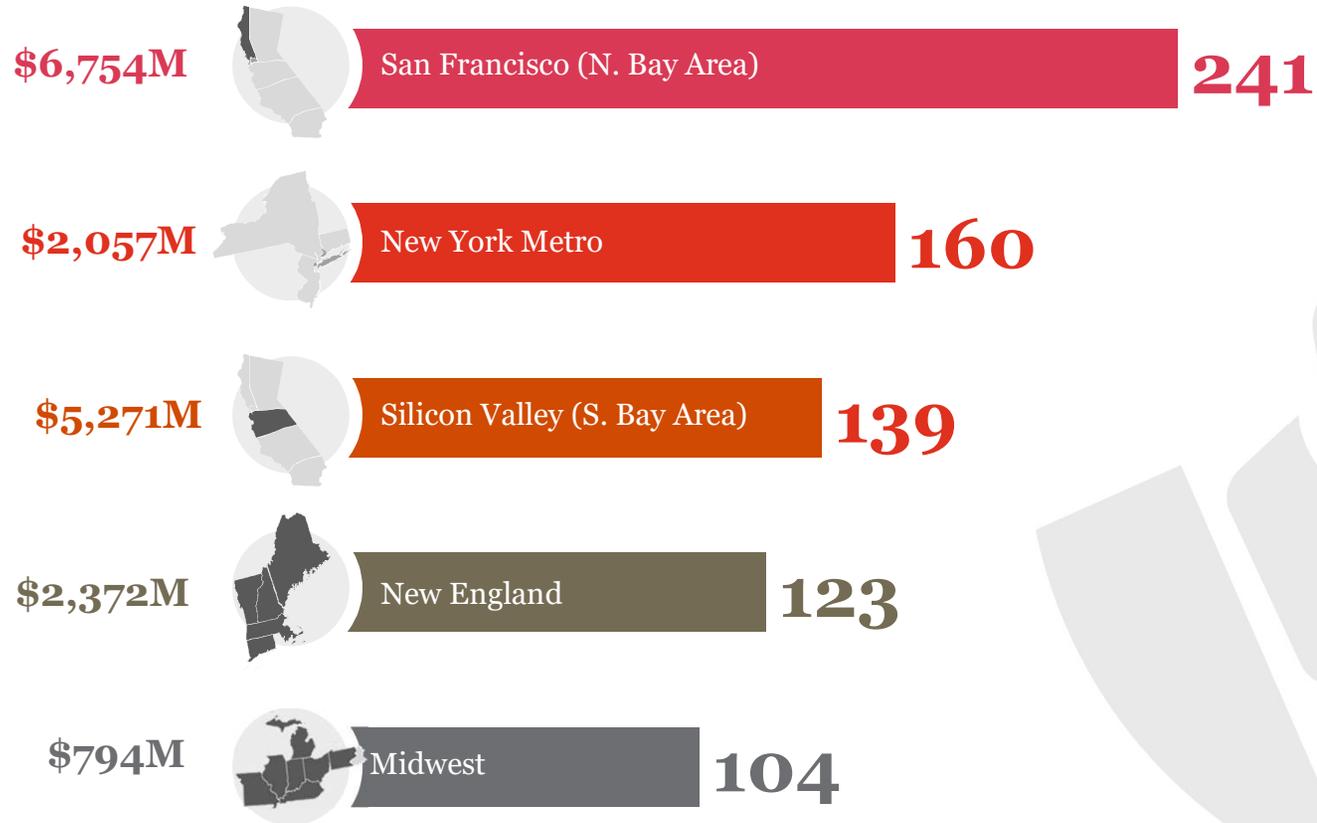


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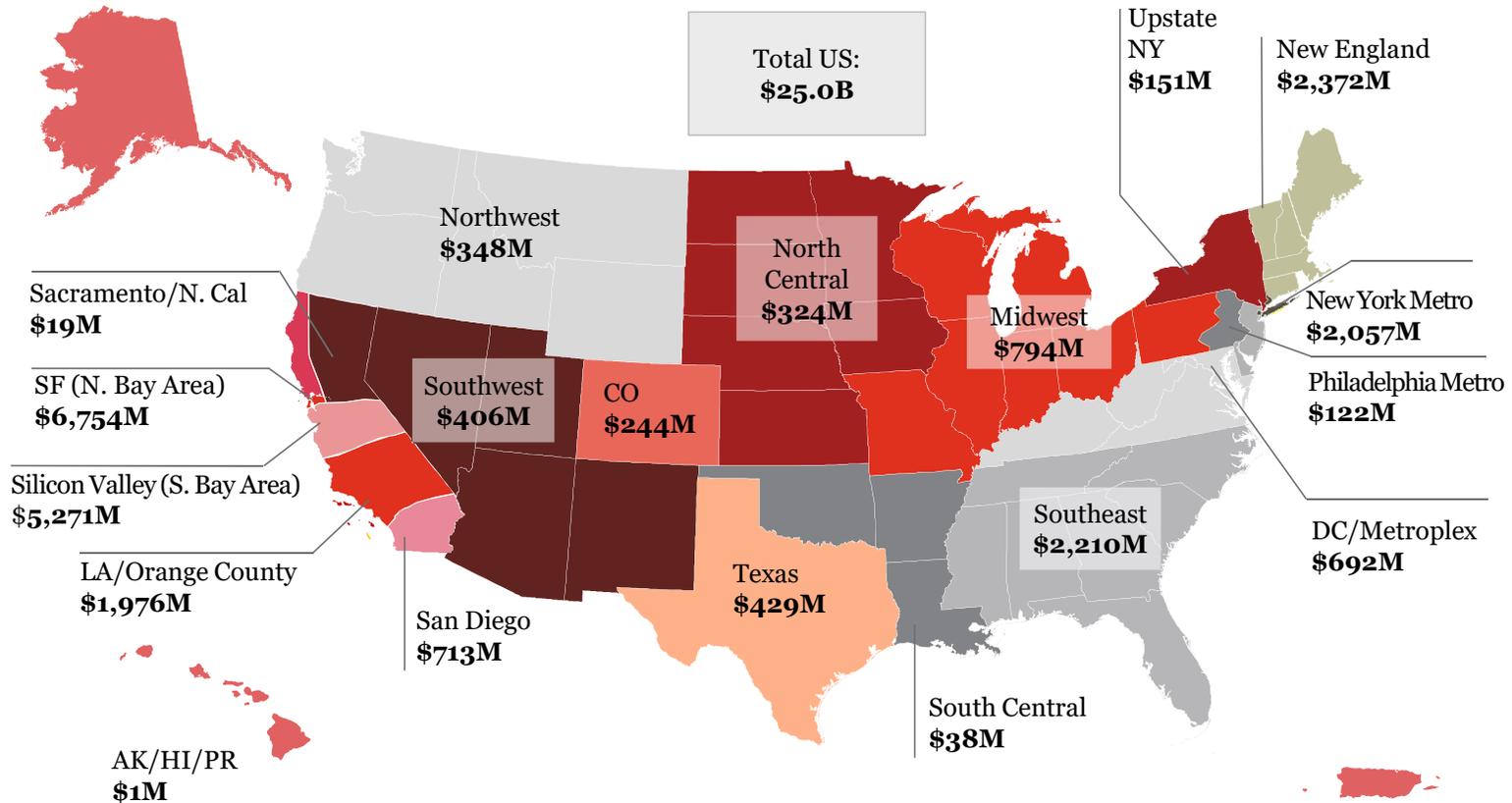
*US Places*



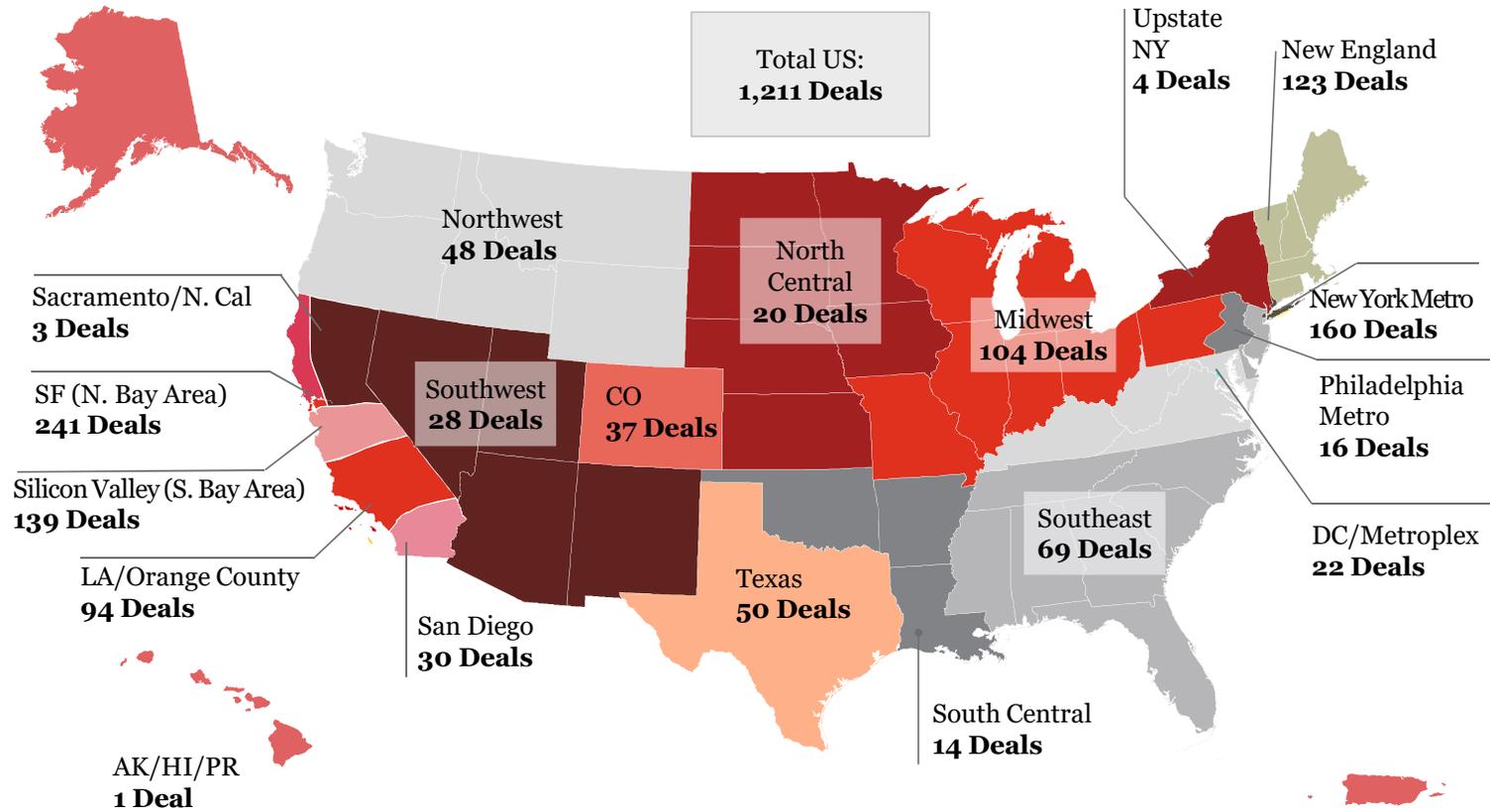
## US top five regions of Q4'18 by deals



# US: Q4'18 funding by region



# US: Q4'18 deals by region

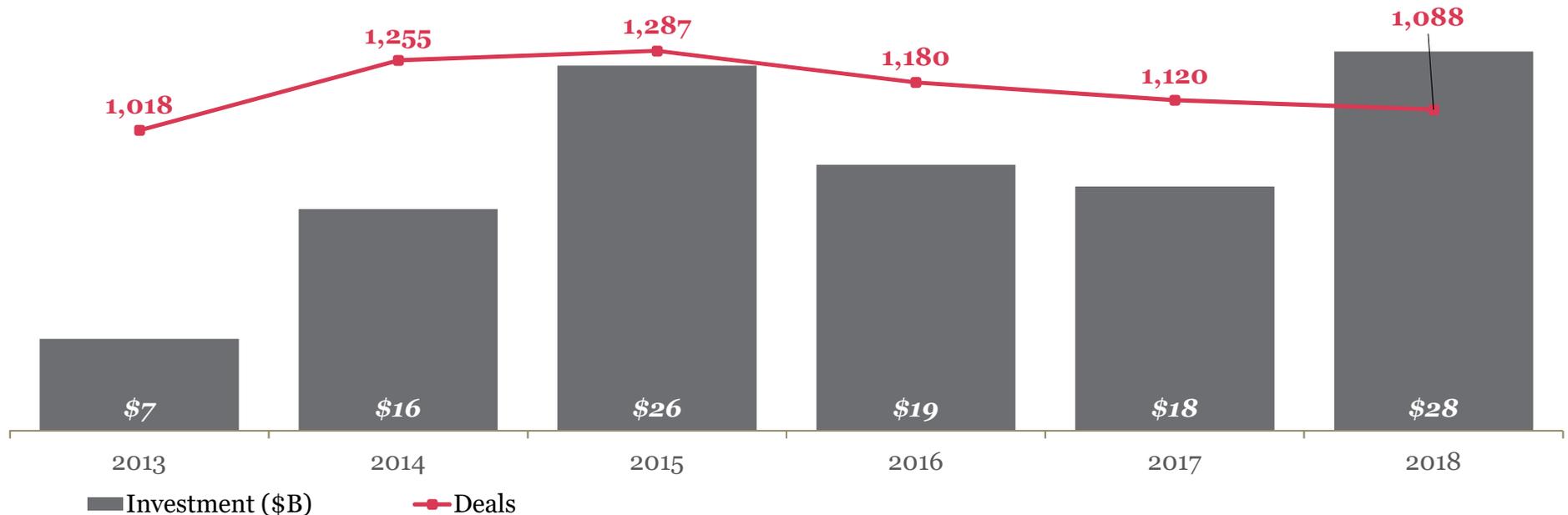


## *Annual financing trend:* San Francisco (North Bay Area)



### San Francisco funding jumped by 55% in 2018

- Funding activity in San Francisco jumped by 55% in 2018, rising to a historical record of \$28B.
- Deal activity declined to 1,088 transactions, compared to 1,120 in 2017; the last six years being the most active years ever

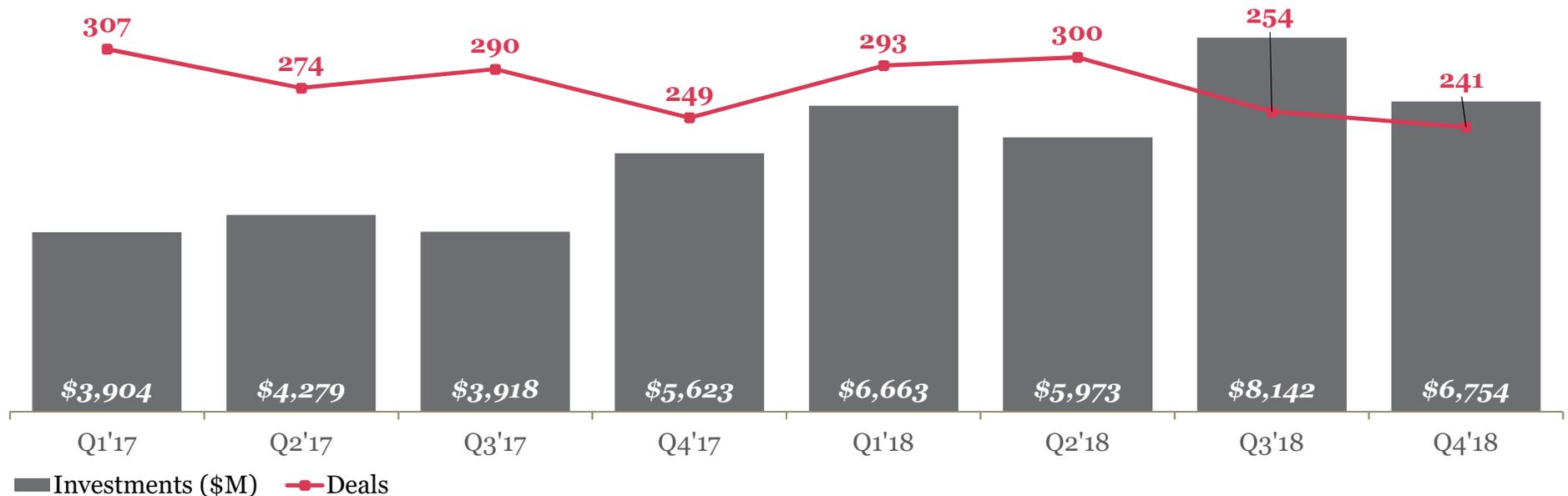


## 8-quarter financing trend: San Francisco (North Bay Area)



### Q4'18 funding, deal activity decline in San Francisco

- San Francisco companies saw VC funding decline sharply in Q4'18, falling 17% to \$6.8B.
- Deal activity also fell in Q4'18, to 241, from 254 in Q3'18.

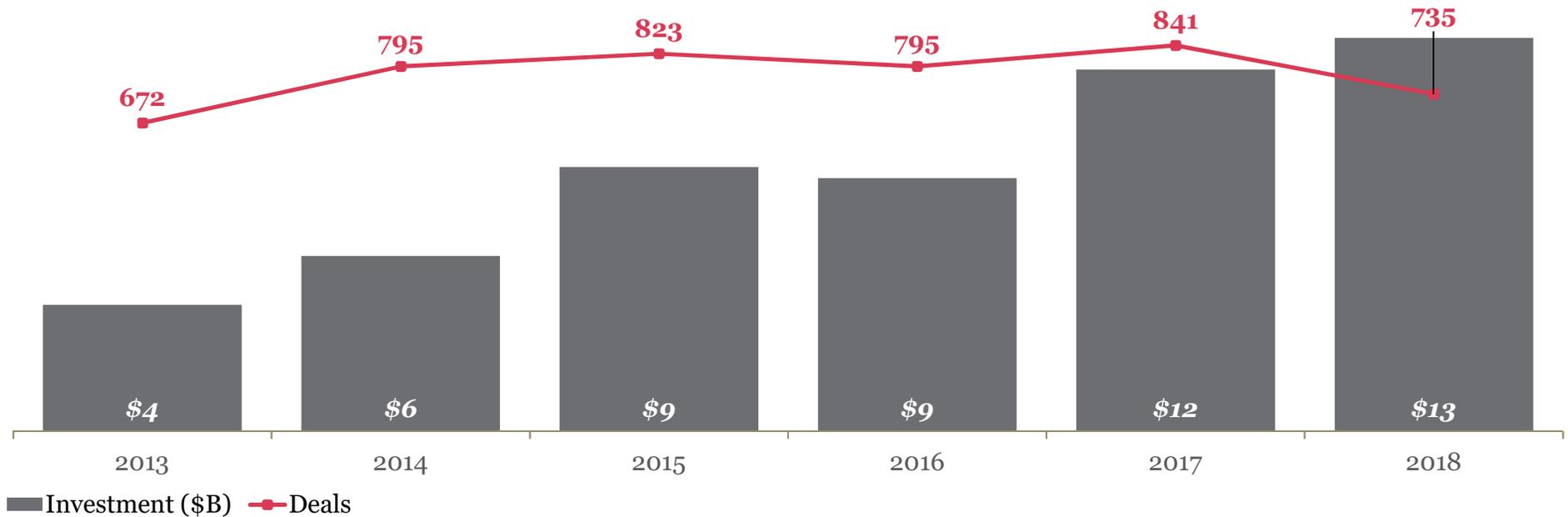


## Annual financing trend: New York Metro



### New York funding ticks up, deal activity declines

- Funding to New York-based VC-backed companies increased slightly to \$13B, the biggest funding year ever.
- Deals declined to 735, from 841 in 2017 which set the all-time record.

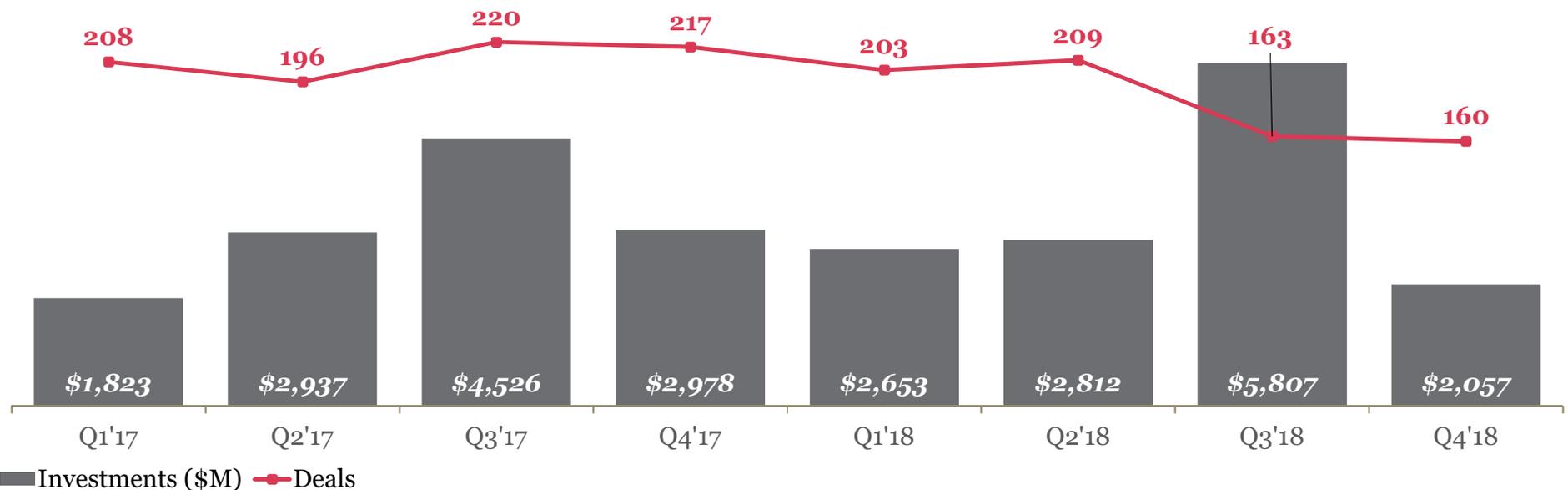


## 8-quarter financing trend: New York Metro



### Q4'18 funding declines sharply in New York

- New York Metro-based companies saw funding fall by 65% in Q4'18 to \$2.1B, following a massive Q3'18.
- Deal activity fell to 160 transactions over the same time period.

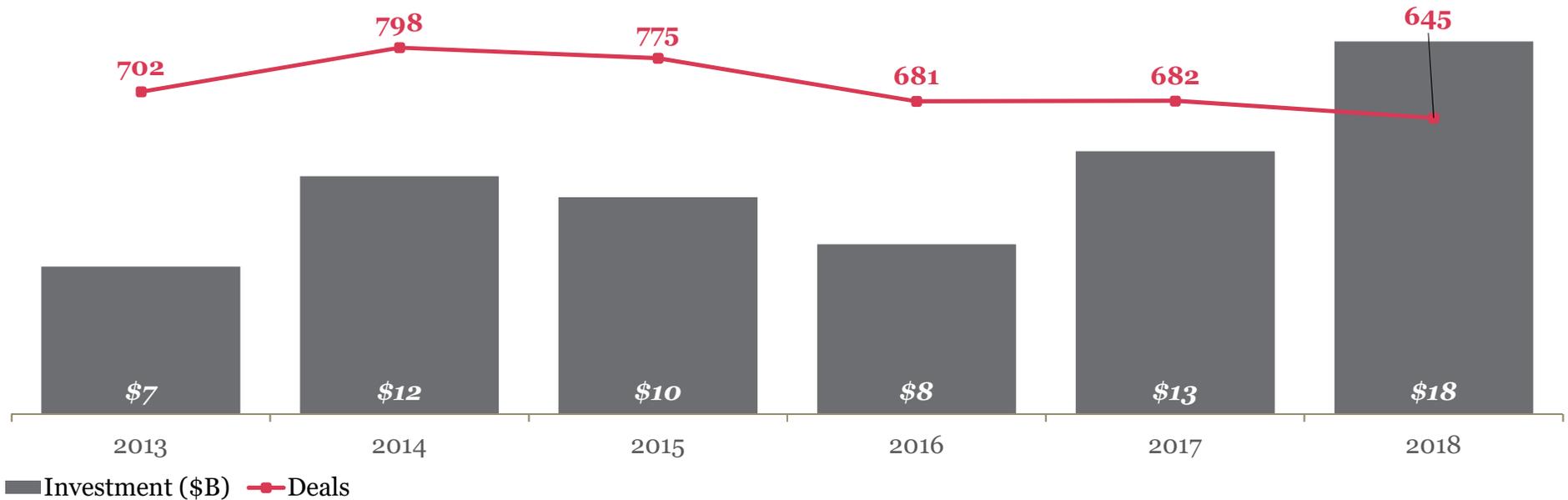


## *Annual financing trend:* Silicon Valley (South Bay Area)



### Funding to Silicon Valley companies ticks up in 2018

- Funding to Silicon Valley-based VC-backed companies increased in 2018, as \$18B the biggest year since 2000.
- Deals declined by 5% to 645 in 2018, from 682 in 2017.

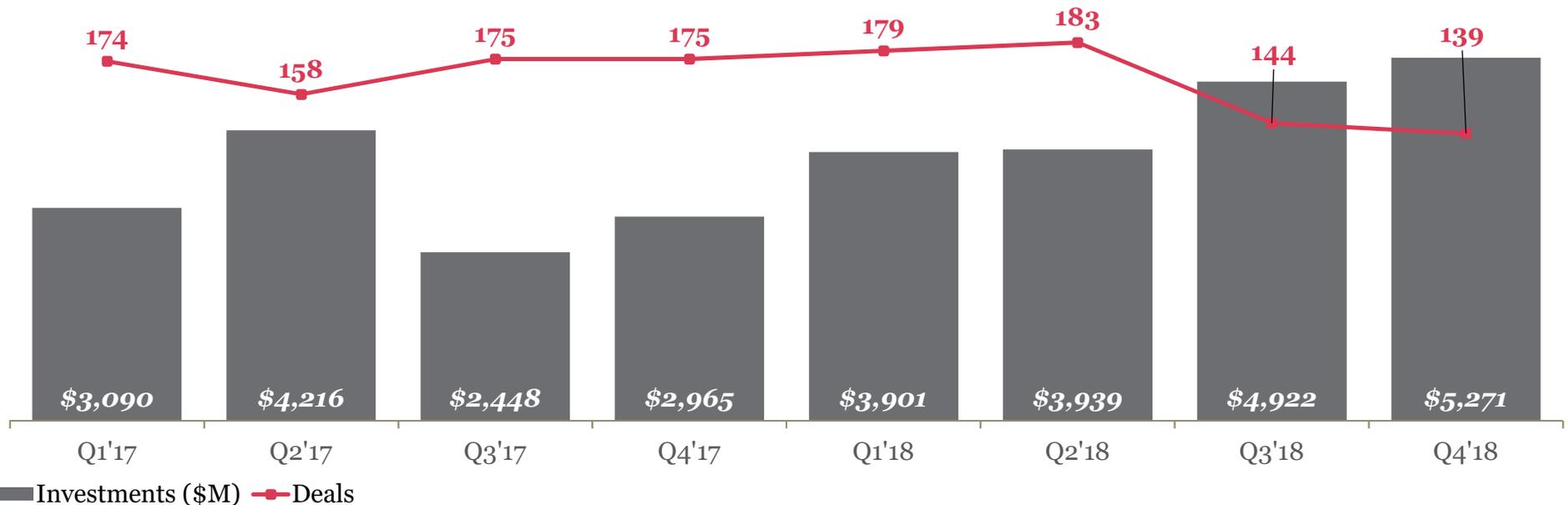


## 8-quarter financing trend: Silicon Valley (South Bay Area)



### Silicon Valley funding increases by 7% in Q4'18, as deal activity falls slightly

- Deals activity fell to 139 in Q4'18, down from 144 in Q3'18.
- Total quarterly funding increased to \$5.3B in Q4'18, up from \$4.9B in Q3'18.

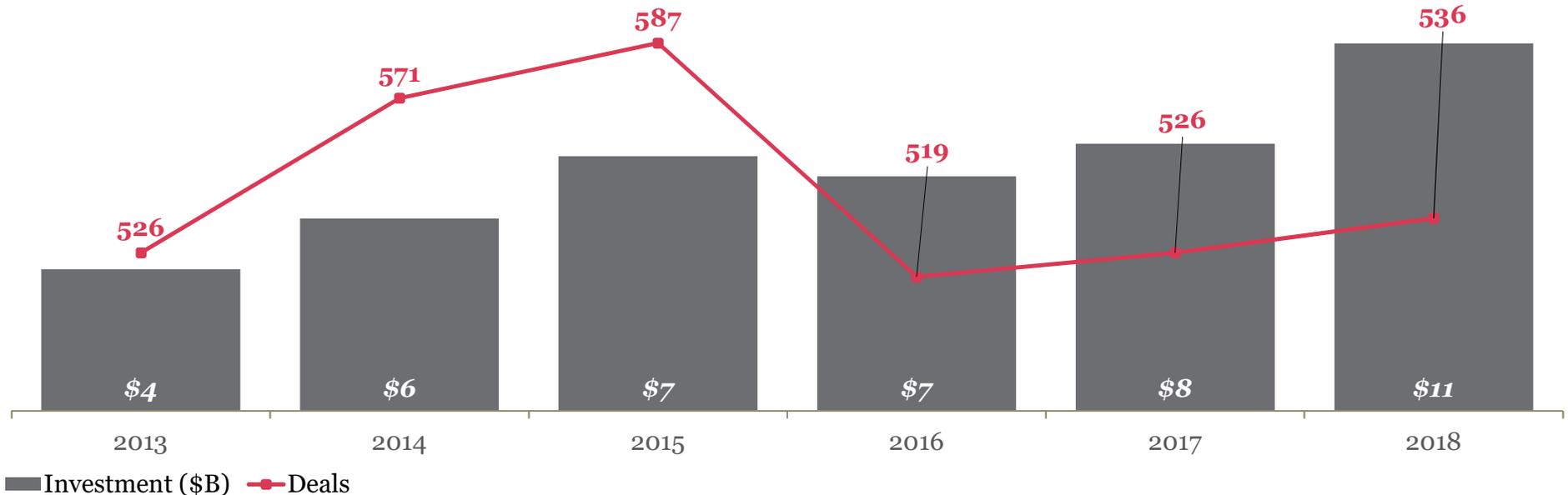


## Annual financing trend: New England



### New England funding activity increases for the second straight year

- Funding to New England-based VC-backed companies hit \$11B in 2018, as deals increased to 536 transactions.
- 2018 was the biggest year of investments for New England since 2000.

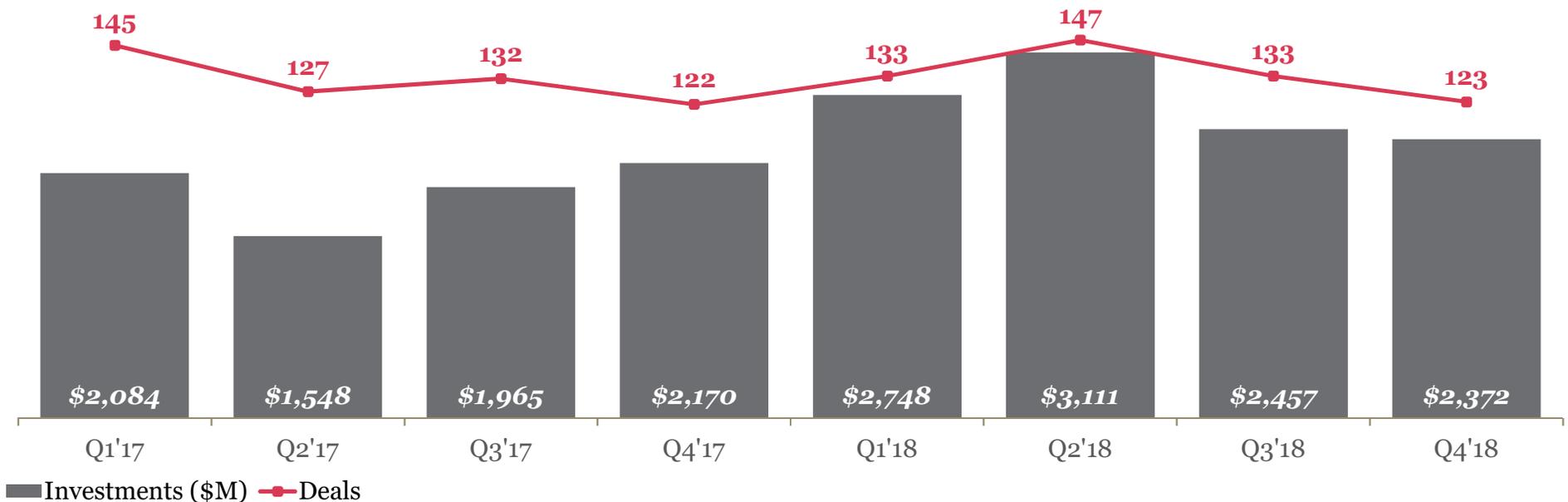


## 8-quarter financing trend: New England



### New England deal activity, funding decline for the second straight quarter

- New England deal activity sunk to 123 transactions, while total funding decreased to \$2.4B.

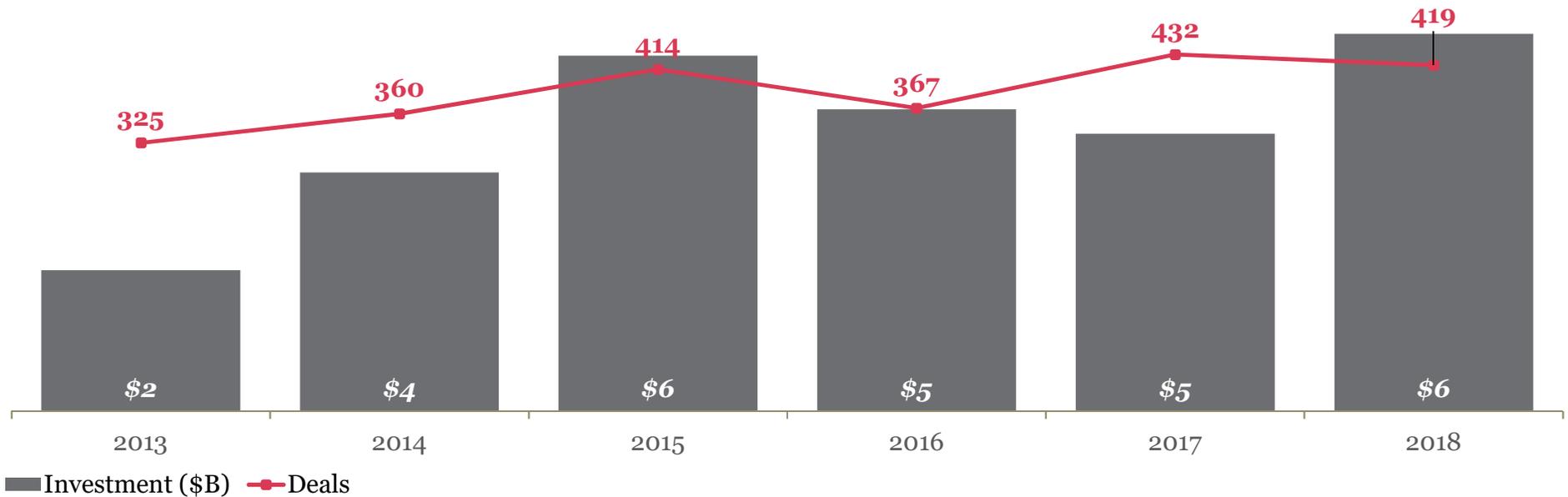


## Annual financing trend: LA/Orange County



### Full year funding in LA/Orange County increases, deal activity down

- Deal activity decreased to 419 transactions in LA/Orange County from 2017's level (432) which was the most active year since 2000.
- 2018 was the biggest year of investment funding (\$6B) for LA/Orange County since 2000.

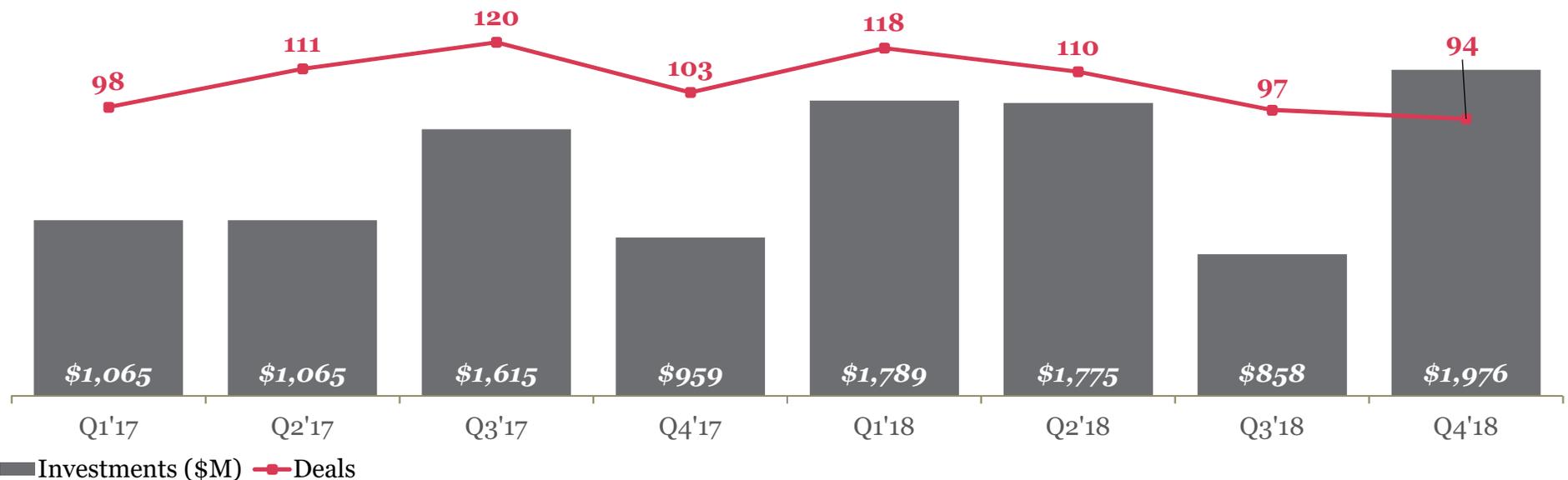


## 8-quarter financing trend: LA/Orange County



### LA/Orange County funding jumps in Q4'18

- LA/Orange County funding jumped by 130% in Q4'18 to \$2B.
- Deal activity fell slightly from 97 transactions in Q3'18 to 94 in Q4'18.

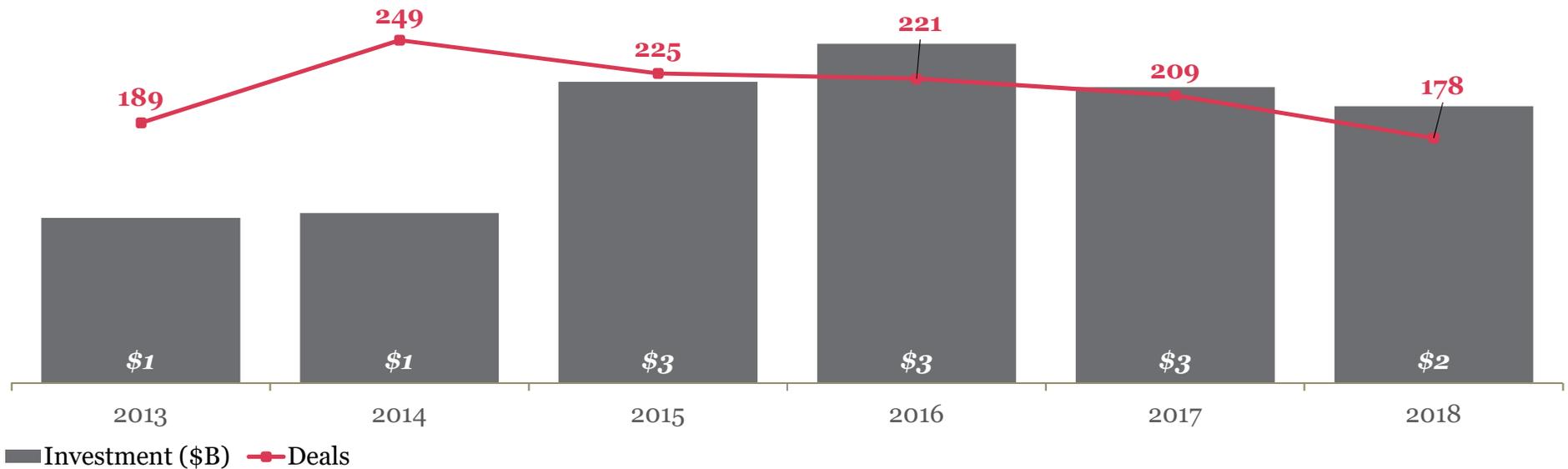


## Annual financing trend: DC/Metroplex



### Deal and dollar activity down in 2018 in DC/Metroplex

- Total annual funding to DC/Metroplex-based VC-backed companies declined to \$2B in 2018, from \$3B in 2017.
- Deal activity declined to 178, from 209 in 2017.

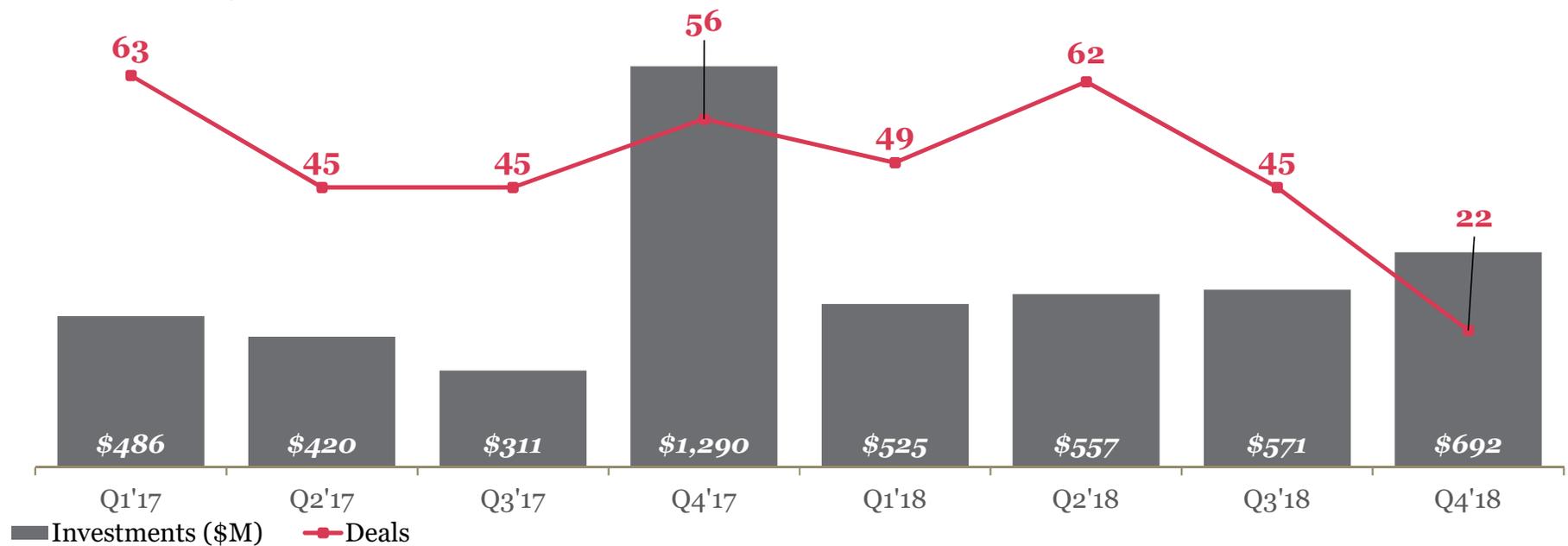




## 8-quarter financing trend: DC/Metroplex

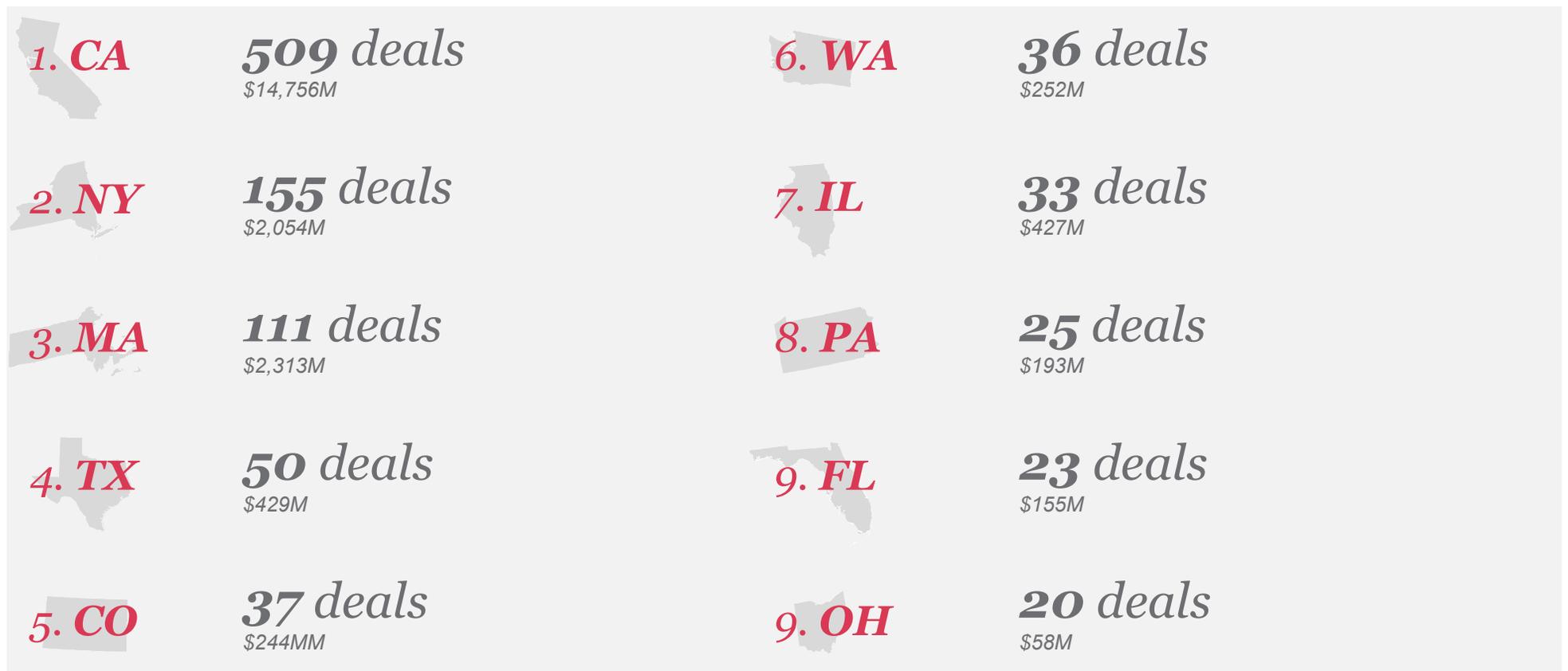
### Funding in DC/Metroplex jumps amid falling deal activity

- \$692M was raised in the DC/Metroplex in Q4'18, up from \$571M in Q3'18.
- Deal activity fell for the second straight quarter to 22 transactions.





## US: Top 10 states of Q4'18 by deals

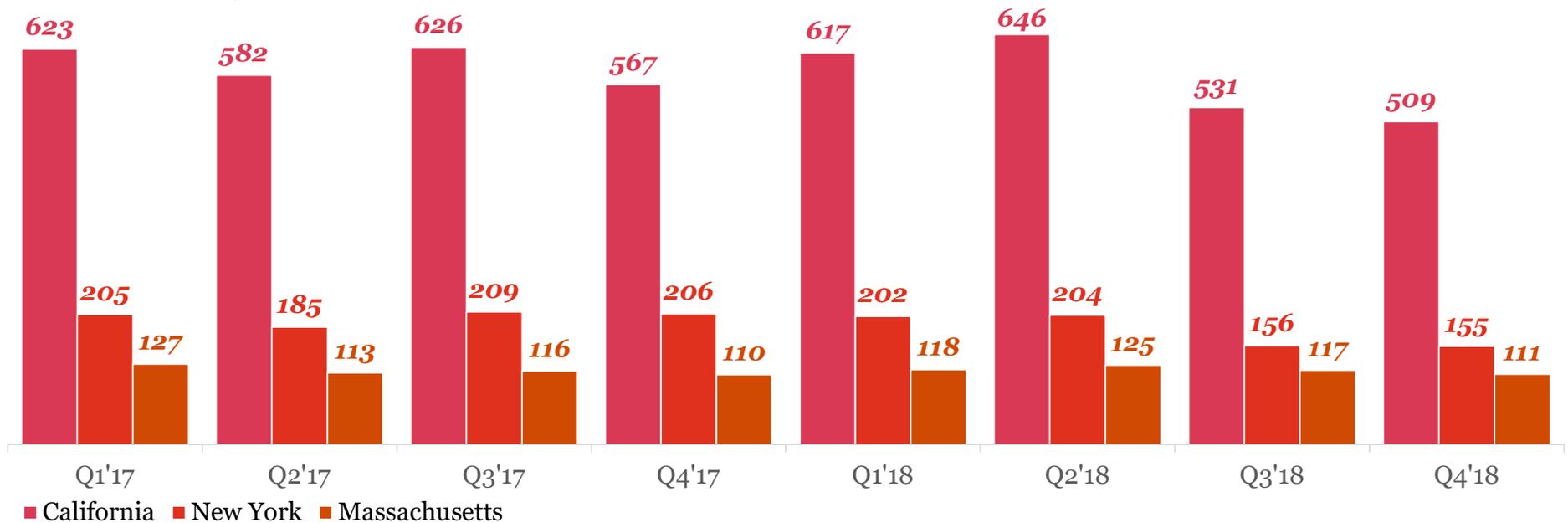


## Q4'18 Regional comparison: Deals CA vs. NY vs. MA



### Deal activity down across the board in CA, NY, and MA

- Deal activity declined in all three regions in Q4'18.
- California and New York saw deal activity below levels a year ago in Q4'17.

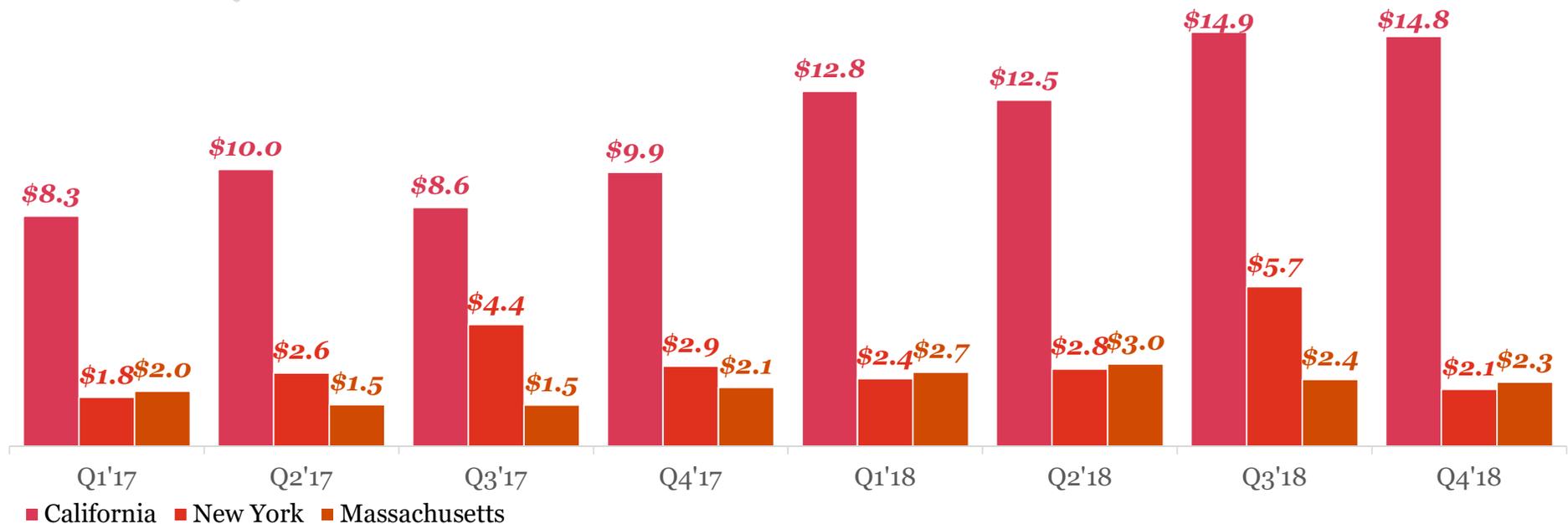


## Q4'18 Regional comparison: *Financing* CA vs. NY vs. MA



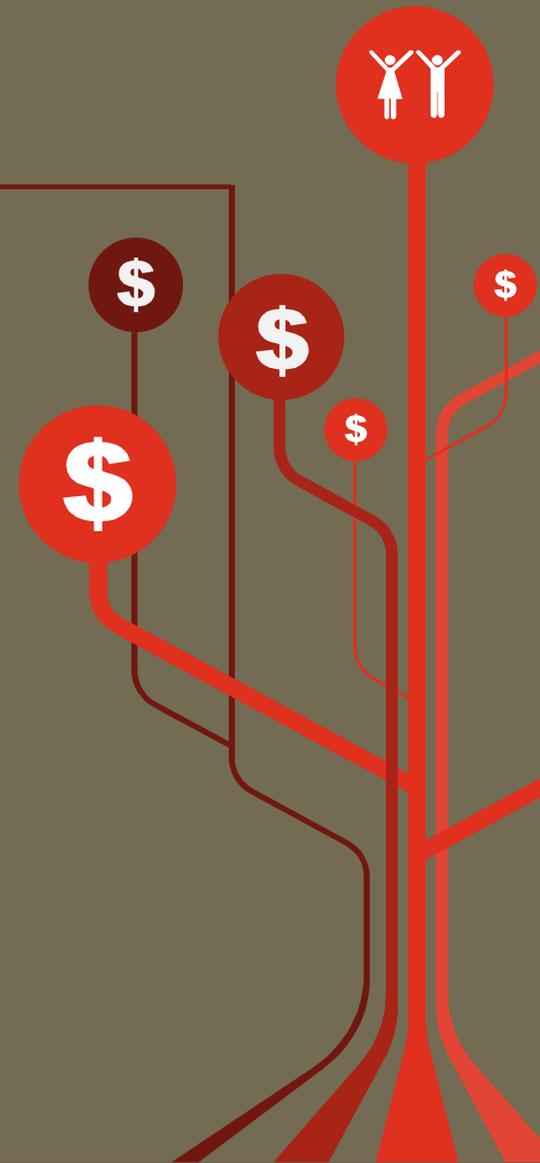
### Q4'18 funding down across the board in CA, NY, and MA

- Funding fell in Q4'18 in CA, NY, and MA.
- Compared to Q4'17, only California saw a year-over-year increase in funding, at \$14.8B in Q4'18, compared to \$9.9B in Q4'17.



04

# *US Movers & Shakers*



## *Mega-rounds*



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There certainly continues to be a healthy availability of funds and appetite for investment, while the trend of fewer, bigger deals persists.

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

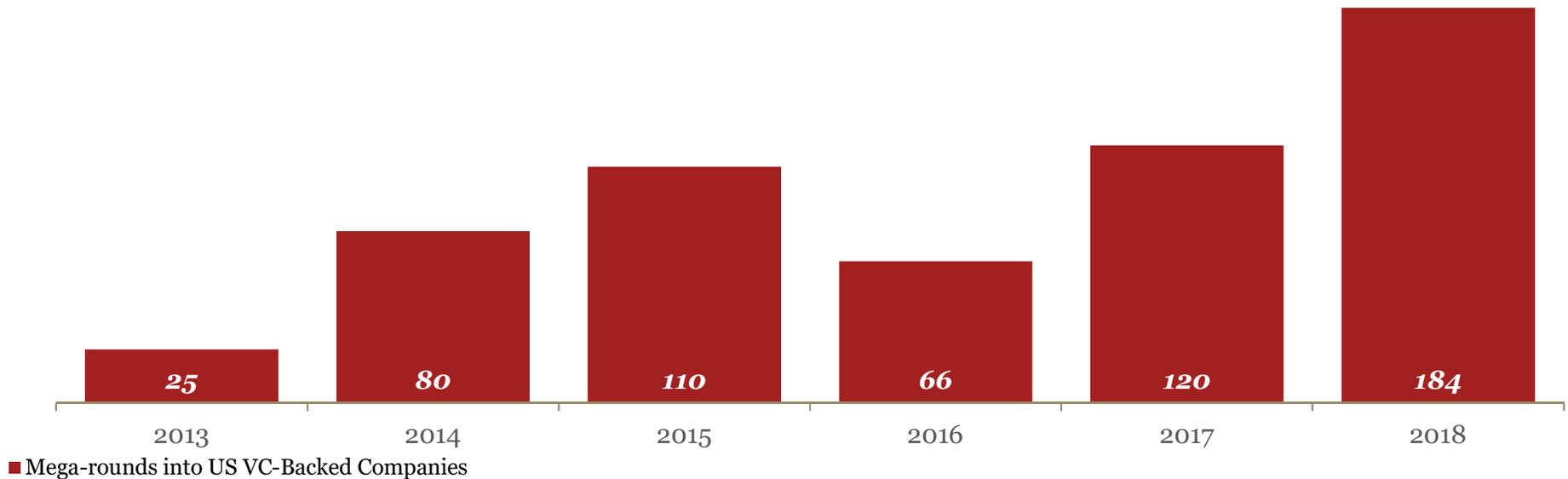
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# Annual US mega-round activity



## \$100M+ funding rounds hit record for the second straight year

- 184 \$100M+ rounds were raised in 2018, surpassing 2017's record 120.
- An increasing number of large, later-stage deals is contributing to increasing yearly funding amounts amid declining overall deal activity.



# Largest US deals of Q4'18



Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
Epic Games	Cary, NC	Software (non-internet/mobile)	Gaming		\$1,250M	aXiomatic, ICONIQ Capital, Kleiner Perkins Caufield & Byers, Kohlberg Kravis Roberts & Co., Lightspeed Venture Partners
View	Milpitas, CA	Industrial	Construction		\$1,100M	Softbank Group
Instacart	San Francisco, CA	Mobile & Telecommunications	Mobile Commerce		\$600M	D1 Capital Partners
Snowflake Computing	San Mateo, CA	Internet	Internet Software & Services		\$450M	Altimeter Capital, Capital One Growth Ventures, Madrona Venture Group, Meritech Capital Partners
Relay Therapeutics	Cambridge, MA	Healthcare	Drug Discovery		\$400M	Alexandria Venture Investments, BVF Partners, Casdin Capital, D.E. Shaw Research
Zymergen	Emeryville, CA	Software (non-internet/mobile)	Healthcare Software		\$400M	Data Collective, SoftBank Group, True Ventures, Two Sigma Ventures

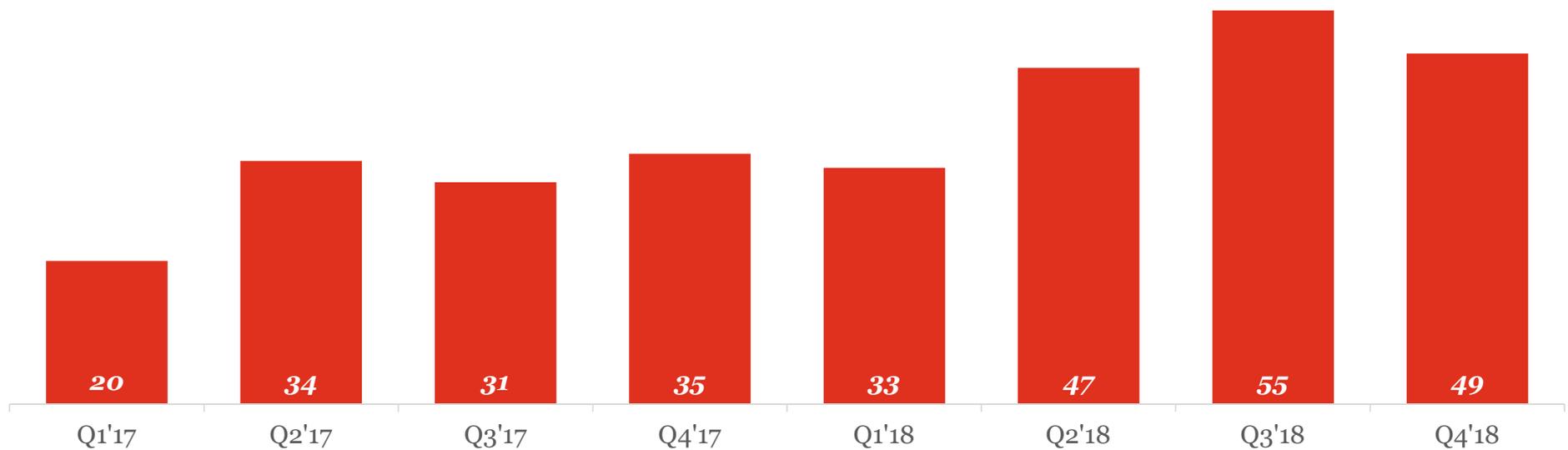


## Quarterly US mega-round activity



### \$100M+ mega-rounds fall in Q4'18, but remain elevated above historical levels

- 49 \$100M+ rounds were raised in Q4'18, down from a record in Q3'18.
- Though mega-rounds declined in Q4'18, levels remain elevated, contributing to high quarterly funding amid declining deal activity.



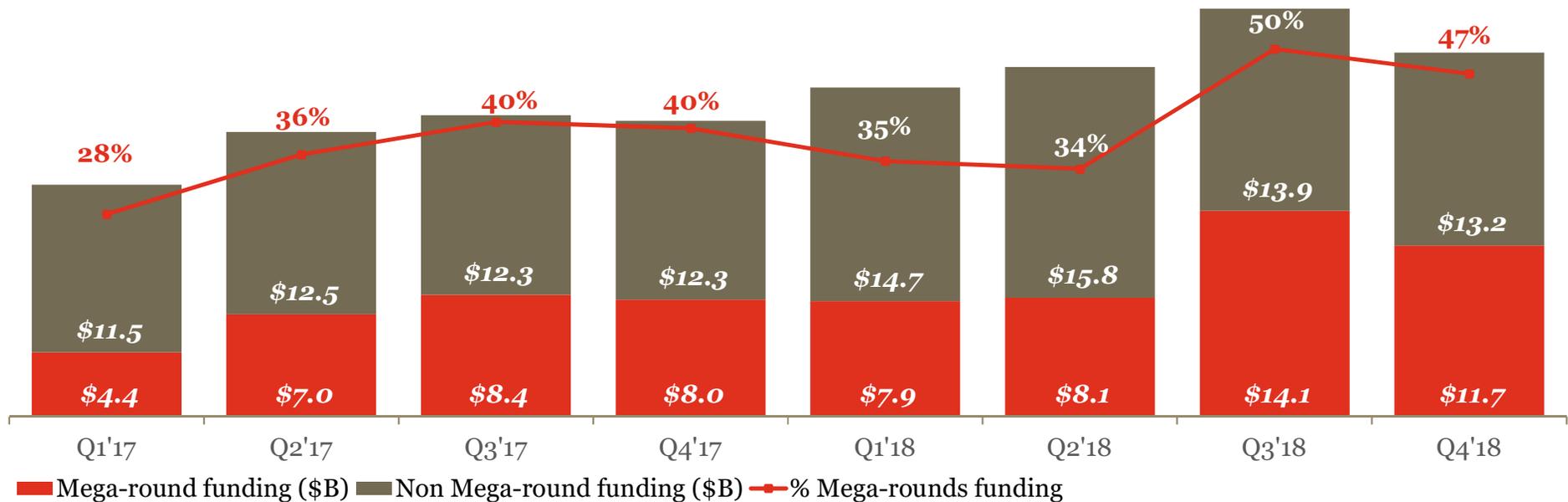
■ Mega-rounds Into US VC-Backed Companies

# Quarterly US mega-round share



## US mega-rounds represent 47% of total funding

- Mega-rounds as a percentage of quarterly funding in the US were at 47% in Q4'18, down from 50% in Q3'18.
- Mega rounds accounted for \$11.7B of total US funding in Q4'18, down from \$14.1B in Q3'18.

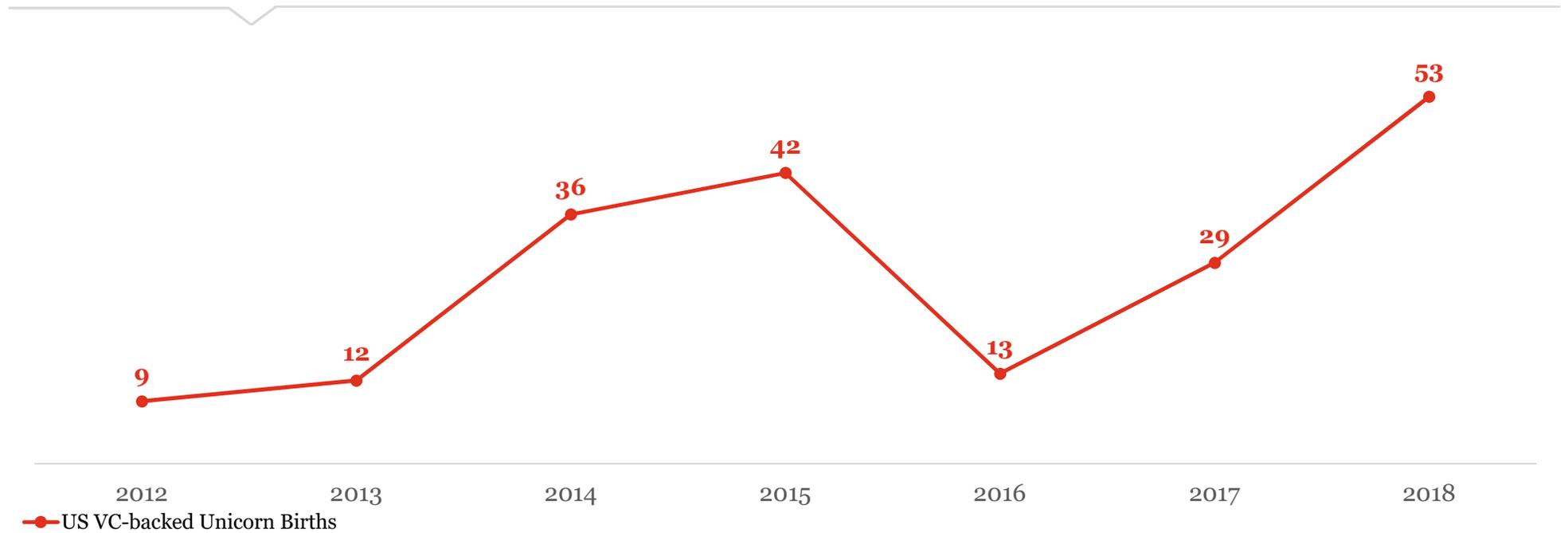


# US annual new unicorn births



A record number of companies reached unicorn status in 2018

- 53 companies attained unicorn status in 2018, a yearly record.

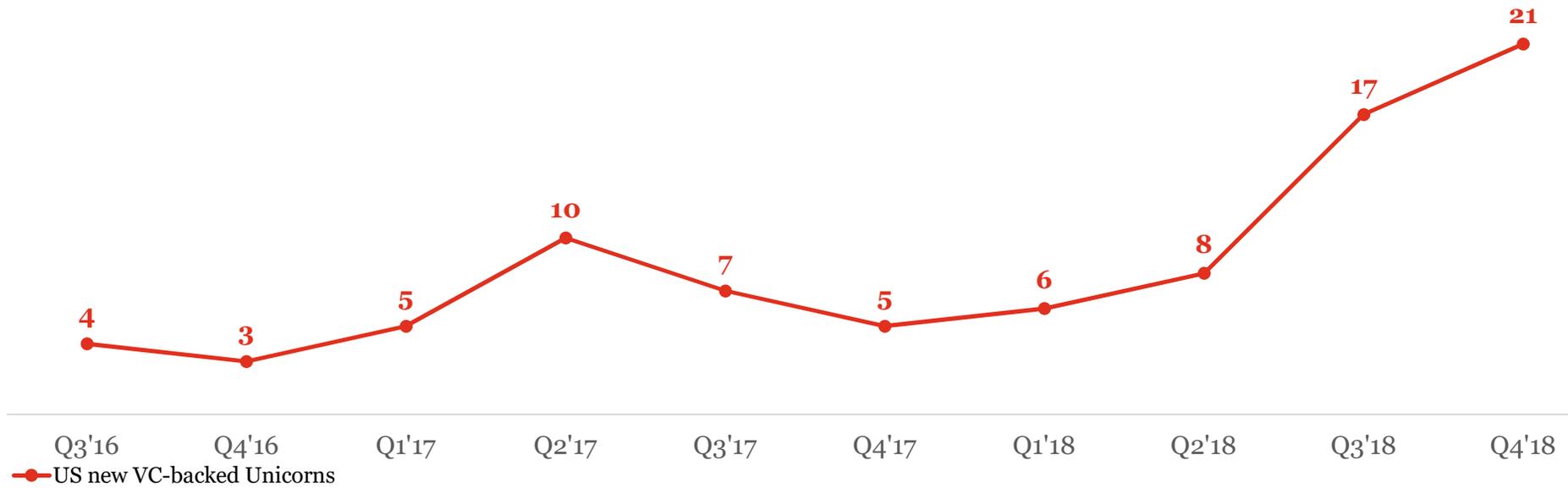


# US quarterly new unicorn births



## Q4'18 sets quarterly record for new unicorns

- 21 private companies reached \$1B valuations, a quarterly record.

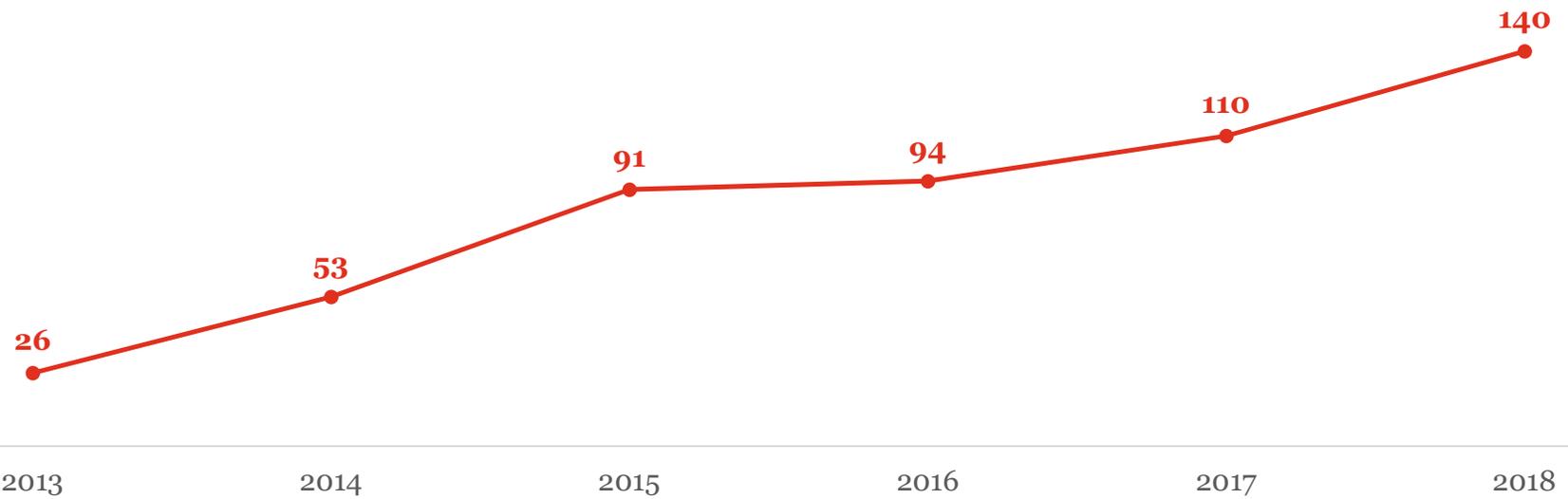


# Unicorn population counts



## US private VC-backed companies valued at \$1B+ hit 140 in 2018

- As of EOY 2018, there are 140 VC-backed companies valued at \$1B+.



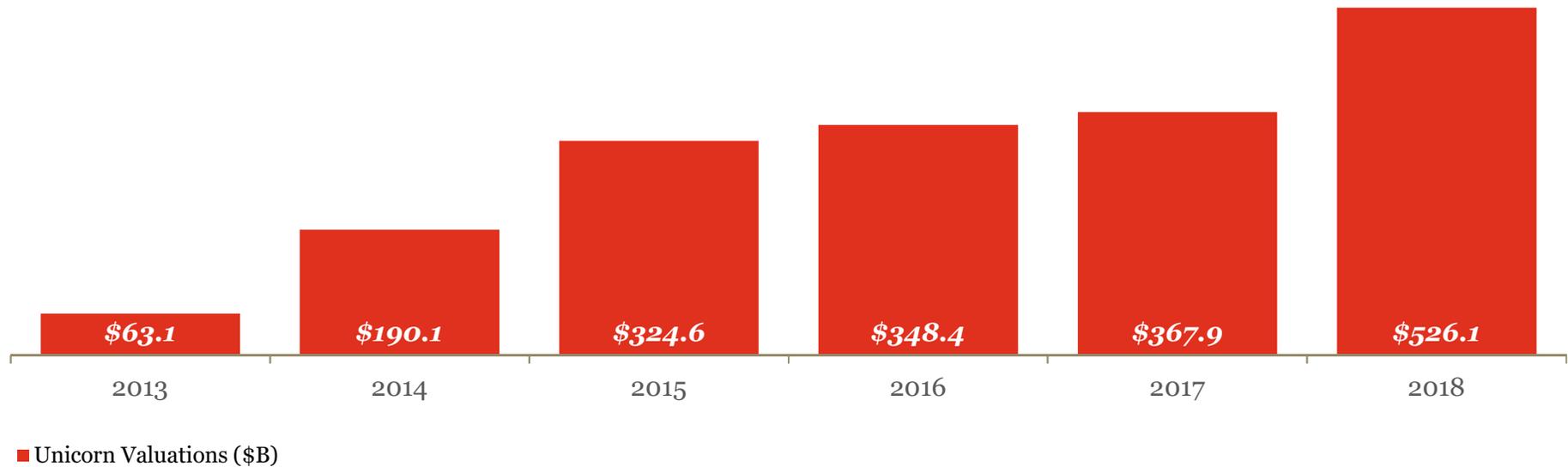
— Unicorn Population Count

# Aggregate Unicorn Valuation by Period



## Q4'18 sets a new record for aggregate unicorn valuation

- Private companies with \$1B+ valuations accounted for \$526.1B as of Q4'18, the highest aggregate valuation on record.



## Top 5 Valued US unicorn companies as of Q4'18



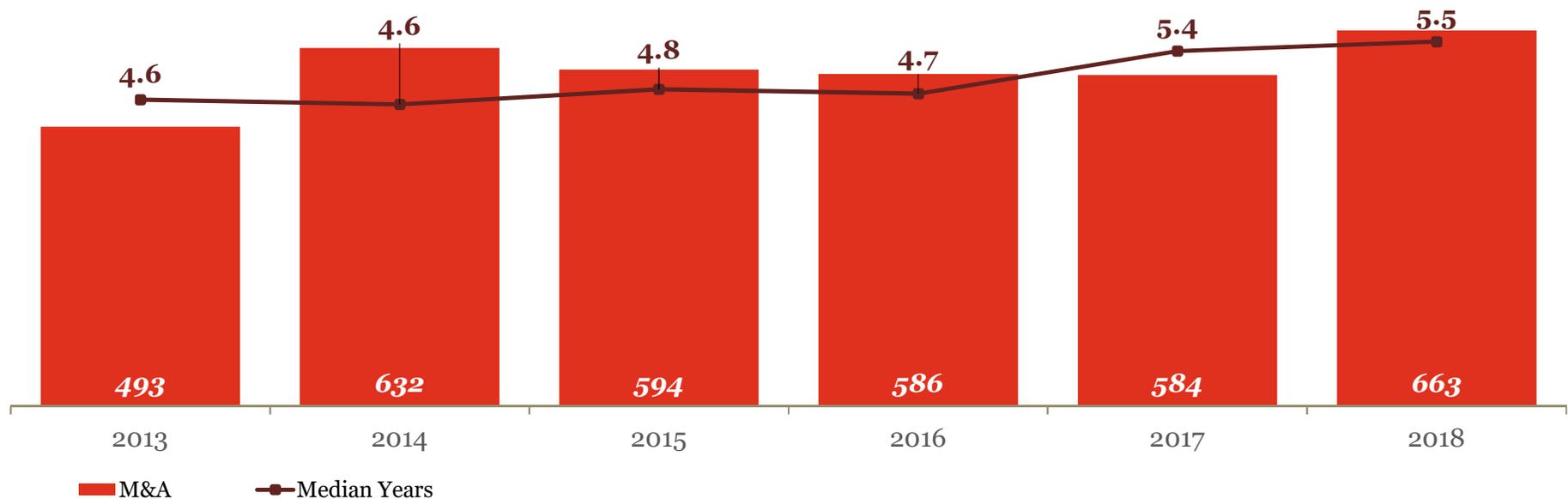
<i>Company</i>	<i>Location</i>	<i>Industry</i>	<i>Valuation (as of 1/02/19)</i>	<i>Select Investors</i>
<b>1. Uber</b>	San Francisco, CA	On-demand	<b>\$72B</b>	Lowercase Capital, Benchmark Capital, Google Ventures
<b>2. WeWork</b>	New York, NY	Facilities	<b>\$32B</b>	T. Rowe Price, Benchmark Capital, Softbank Group
<b>3. Airbnb</b>	San Francisco, CA	E-Commerce/Marketplace	<b>\$29B</b>	General Catalyst Partners, Andreessen Horowitz, ENIAC Ventures
<b>4. SpaceX</b>	Hawthorne, CA	Other Transportation	<b>\$22B</b>	Founders Fund, Draper Fisher Jurvetson, Rothenberg Ventures
<b>5. Stripe</b>	San Francisco, CA	Fin Tech	<b>\$20B</b>	Khosla Ventures, Lowercase Capital, capitalG
<b>5. Palantir</b>	Palo Alto, CA	Big Data	<b>\$20B</b>	RRE Ventures, Founders Fund, In-Q-Tel



## M&A and Median Years to Exit

### M&A activity jumped to 663 in 2018

- M&A activity jumped by 79 deals in 2018, rising to 663.
- Median years to exit was steady at 5.5.

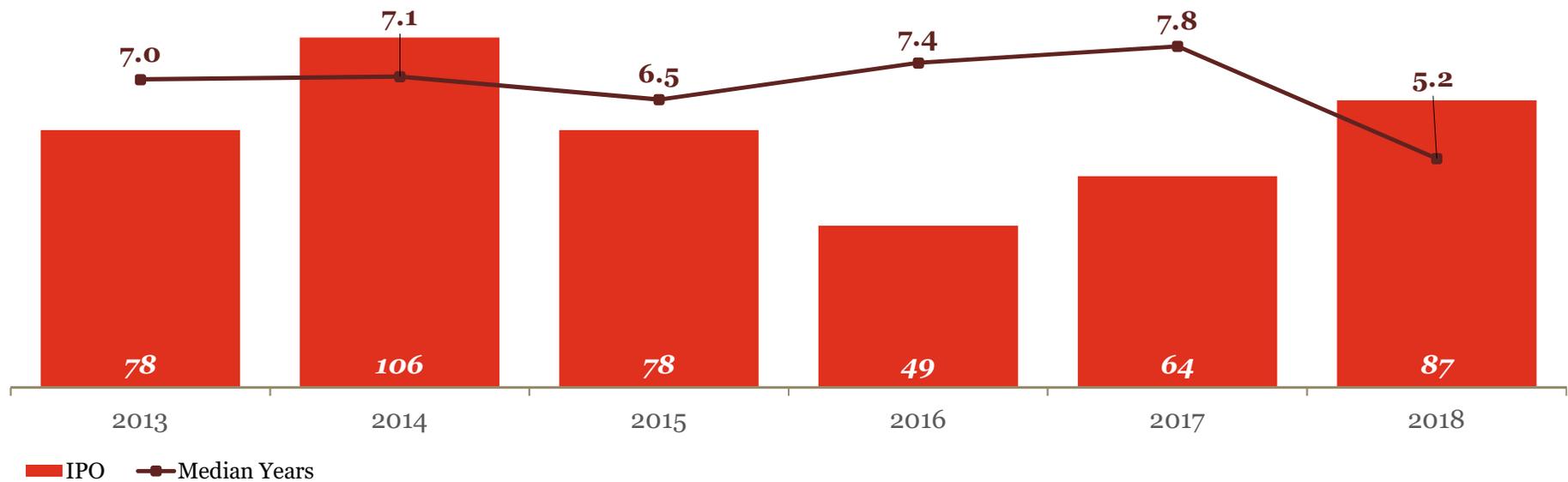




## *IPO and Median Years to Exit*

### **IPO activity increased to 87 offerings in 2018**

- IPOs jumped to 87 offerings in 2018, their highest level since 2014.
- Median years to exit declined to 5.2.



## Largest US IPOs of Q4'18



<i>Company</i>	<i>Location</i>	<i>Sector</i>	<i>Industry</i>	<i>Date of IPO</i>	<i>\$ Valuation at IPO</i>
<b>Moderna Therapeutics</b>	Cambridge, MA	Healthcare	Drug Development	12/7/2018	<b>\$7.5B</b>
<b>Anaplan</b>	San Francisco, CA	Internet	Internet Software & Services	10/12/2018	<b>\$2.0B</b>
<b>Allogene Therapeutics</b>	South San Francisco, CA	Healthcare	Biotechnology	10/11/2018	<b>\$2.0B</b>
<b>Guardant Health</b>	Redwood City, CA	Healthcare	Biotechnology	10/4/2018	<b>\$1.6B</b>
<b>Upwork Global</b>	Redwood City, CA	Internet	E-Commerce	10/3/2018	<b>\$1.6B</b>

# Most active VC firms of Q4'18 in the US



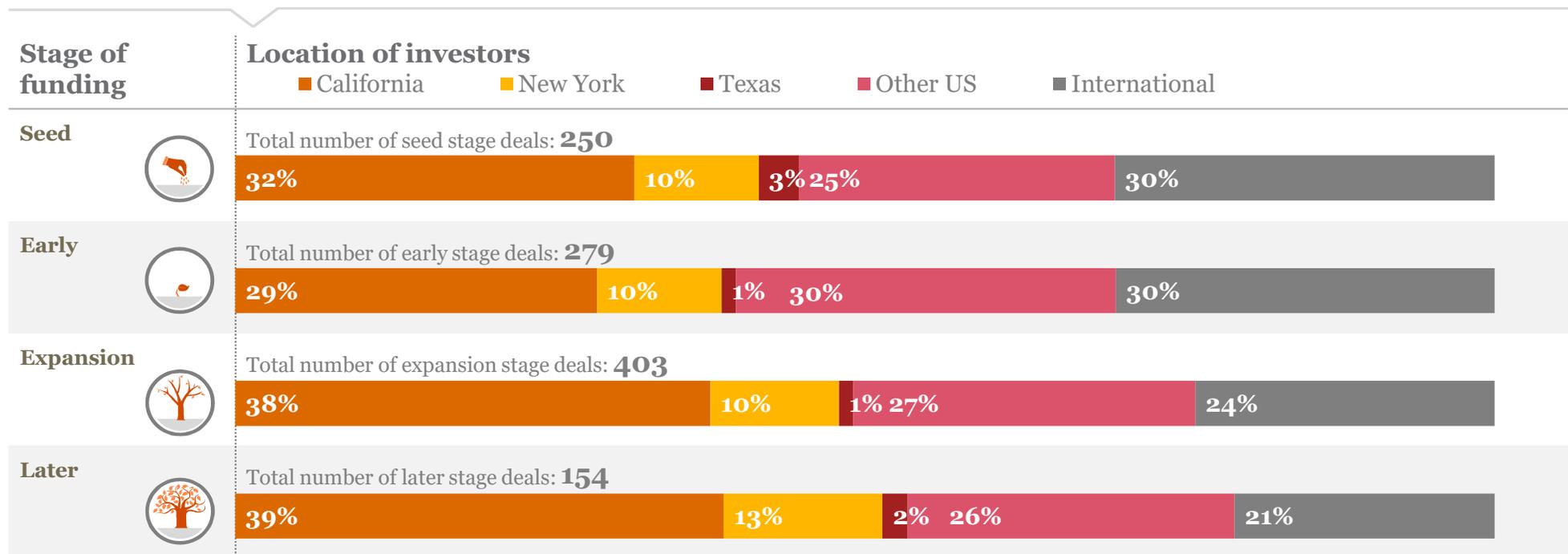
<i>Investor</i>	<i>Location</i>	<i>No. of US Companies</i>	<i>Select Q4'18 Investments</i>
<b>1. New Enterprise Associates</b>	Menlo Park, CA	<b>21</b>	Plaid Technologies, Bright Health, Mirum Pharmaceuticals
<b>2. Plug and Play Ventures</b>	Sunnyvale, CA	<b>19</b>	Zesty.ai, Albert, Zeguro
<b>3. Lightspeed Venture Partners</b>	Menlo Park, CA	<b>18</b>	Epic Games, Netskope, TripActions
<b>3. Andreessen Horowitz</b>	Menlo Park, CA	<b>18</b>	Devoted Health, Coinbase, Plaid Technologies
<b>5. Sequoia Capital</b>	San Francisco, CA	<b>17</b>	Snowflake Computing, Amplitude, The Wing

# Q4'18 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 participated in 30% of seed and early-stage deals and 24% of expansion deals.



# Top VC firms in the US by funds raised

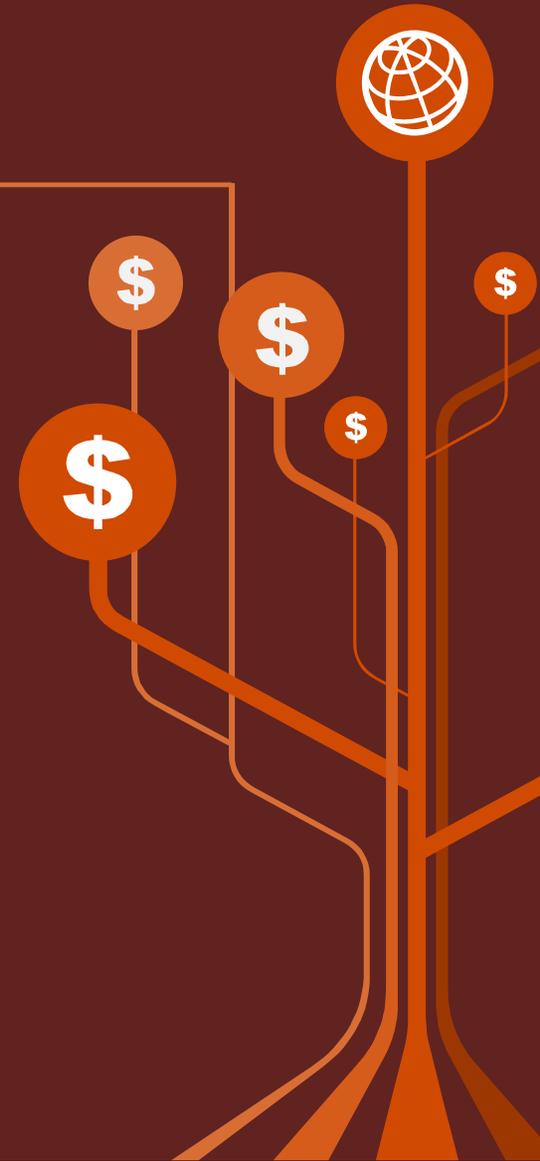


<i>Investor</i>	<i>Location</i>	<i>Year Founded</i>	<i>\$ Value of Funds Raised (2015 – Q4'2018)</i>	<i>Select Recent Investments</i>
<b>1. Sequoia Capital*</b>	Menlo Park, CA	1972	<b>\$17.6B</b>	Snowflake Computing, Amplitude, The Wing
<b>2. Insight Venture Partners</b>	New York, NY	1995	<b>\$11.1B</b>	Jfrog, Project44, Tigera
<b>3. New Enterprise Associates</b>	Menlo Park, CA	1977	<b>\$6.5B</b>	Plaid Technologies, Bright Health, Mirum Pharmaceuticals
<b>4. GGV Capital</b>	Menlo Park, CA	2000	<b>\$5.1B</b>	Dirty Lemon, Immotor, Bowery Farming
<b>5. Lightspeed Venture Partners</b>	Menlo Park, CA	2000	<b>\$4.3B</b>	Epic Games, Netskope, TripActions

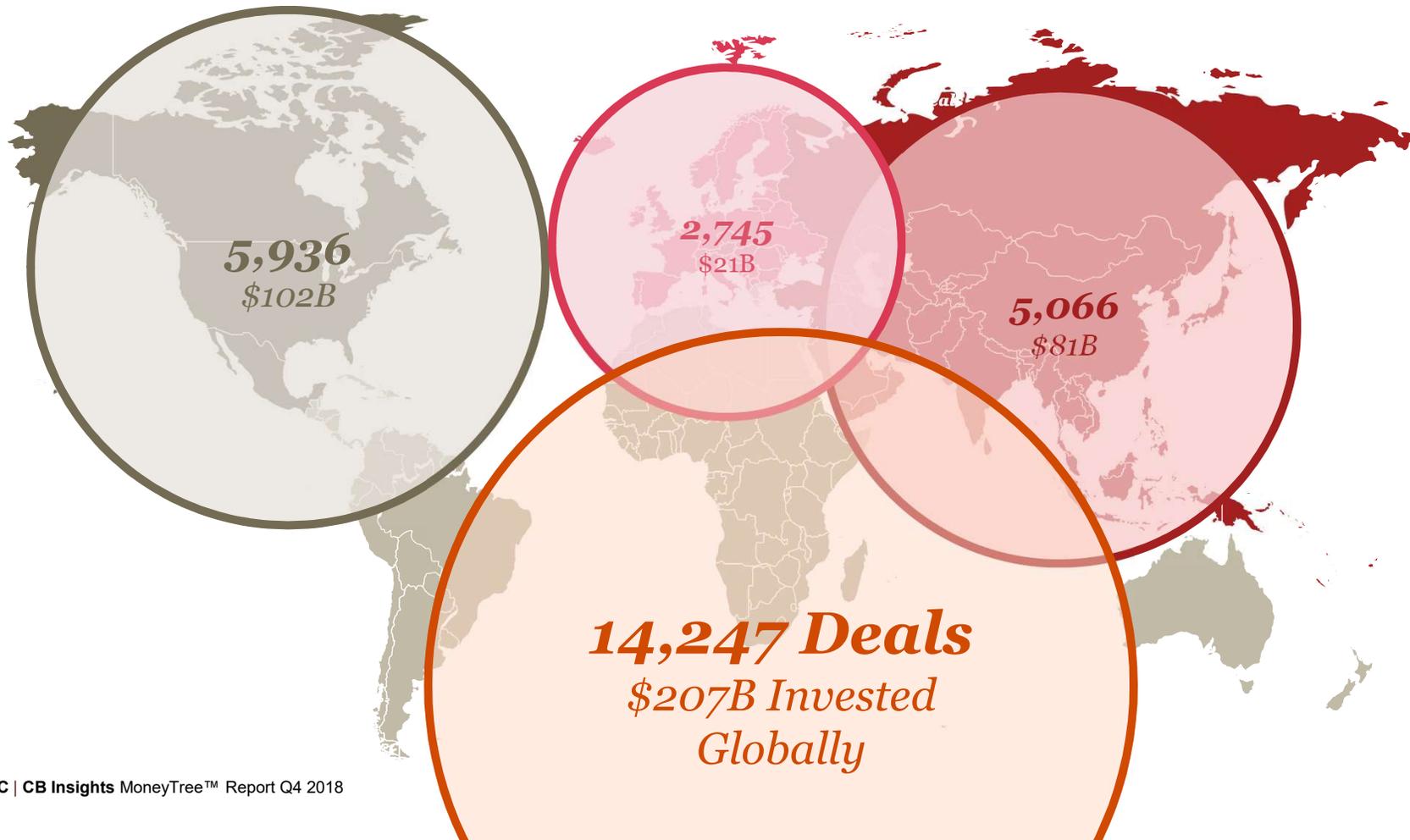
\*Includes all of the investment funds under the Sequoia Capital umbrella, including Sequoia Capital China and Sequoia Capital India

05

# *Global Trends*



## 2018 Global regional comparison

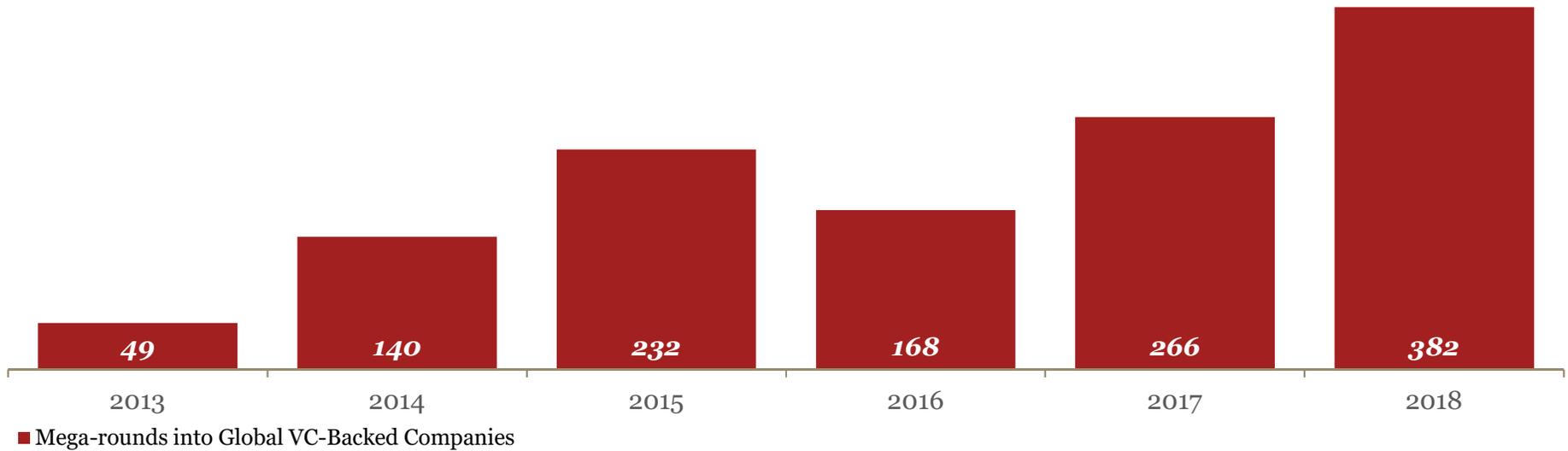


# Annual global financing trend

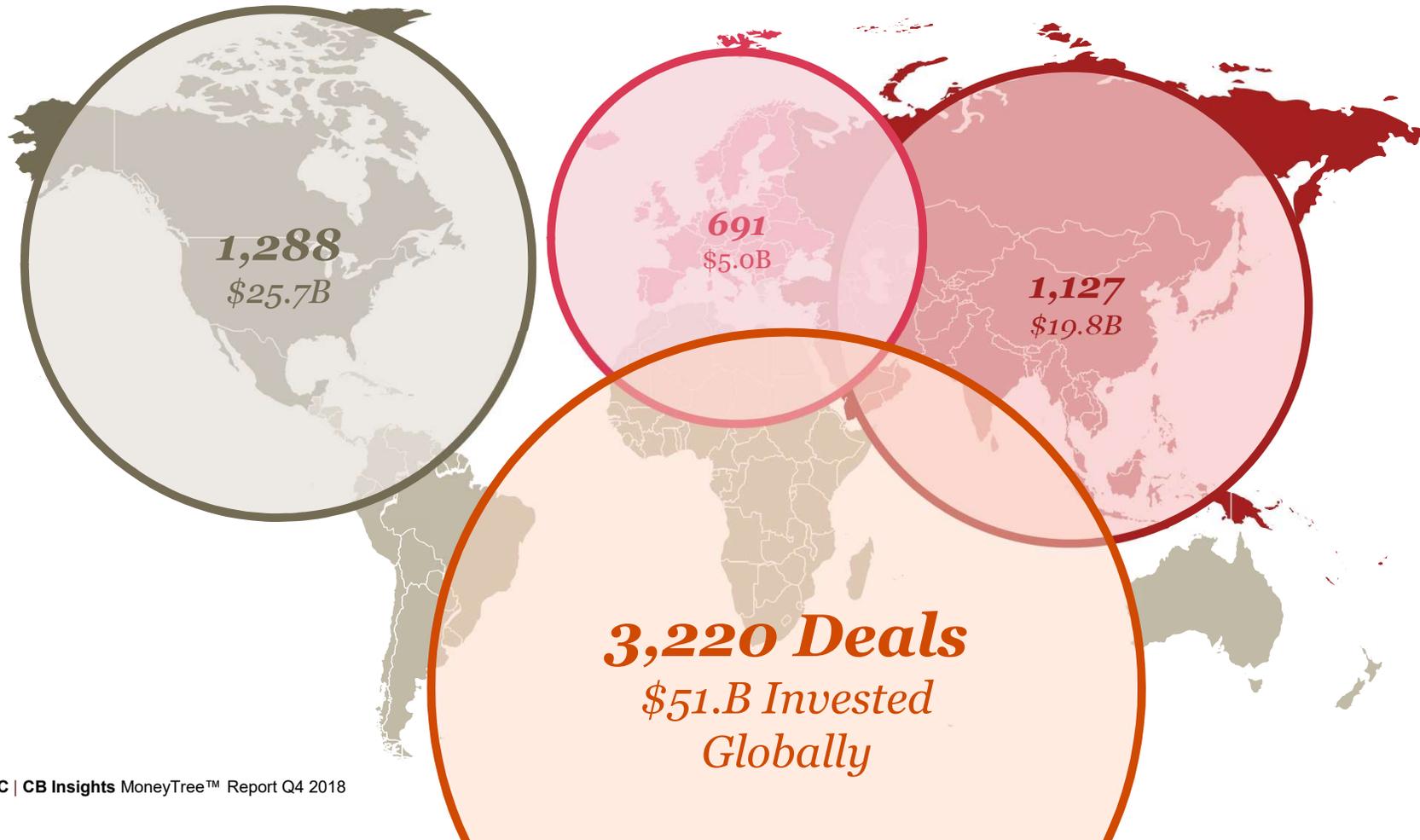


## Global mega-round financing at record levels

- At 382, 2018 saw a record number of \$100M+ deals, contributing to a massive funding year amid falling deal activity.



## Q4'18 Global regional comparison

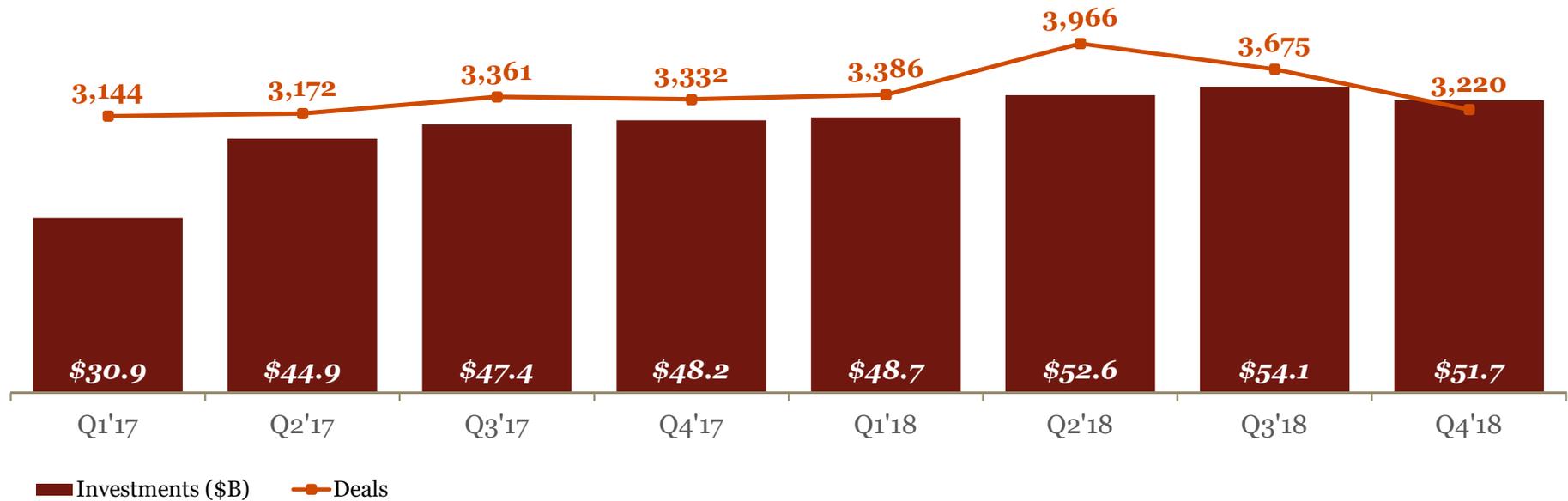




## 8-quarter global financing trend

### Global funding, deal activity decline

- Total global quarterly funding declined to \$51.7B in Q4'18, down from \$54.1B in Q3'18.
- Deal activity declined to 3,220 in Q4'18, from 3,675 in Q3'18.

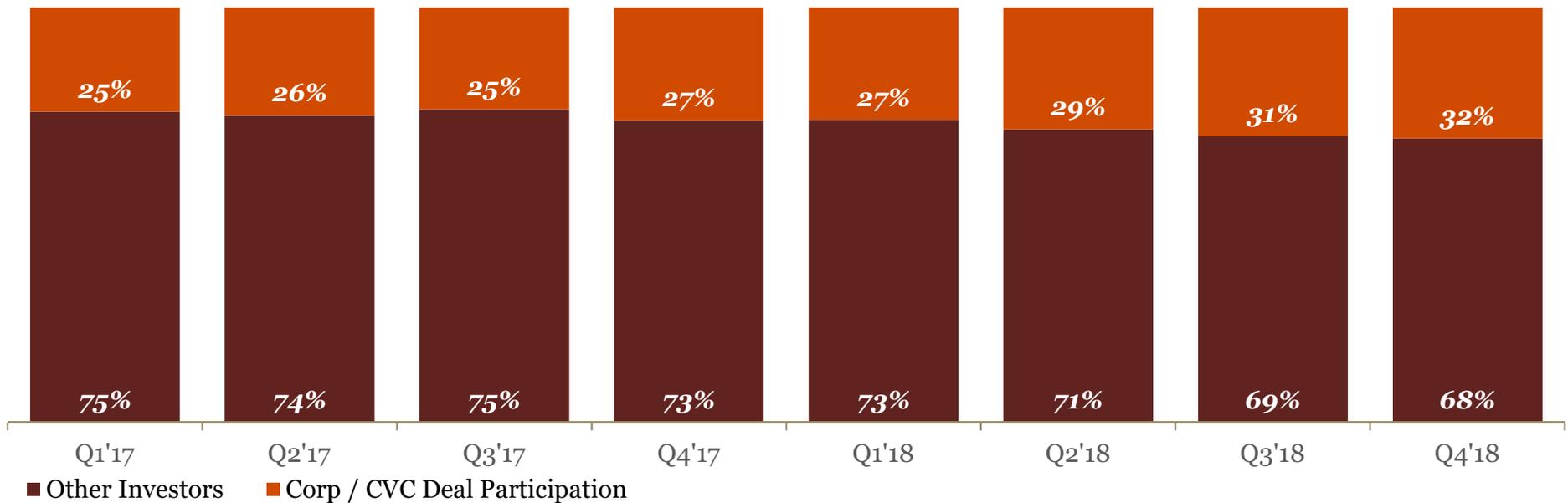


# Global corporate deal participation



## Corporate participation increases to 32% globally in the fourth quarter

- Corporate investors participated in 32% of all deals to VC-backed companies in Q4'18.

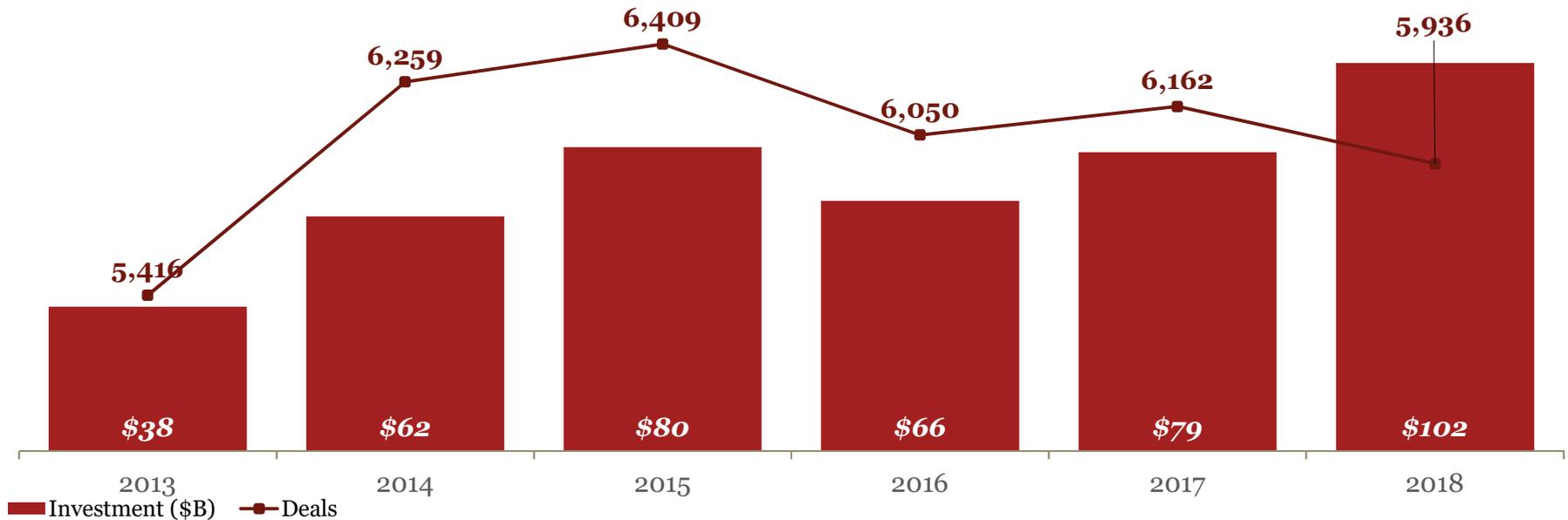


# Annual global financing trend: North America



## North America funding increases as deal activity declines in full-year 2018

- Total annual funding activity increased 29% in 2018, as \$102B was invested across 5,936 deals.

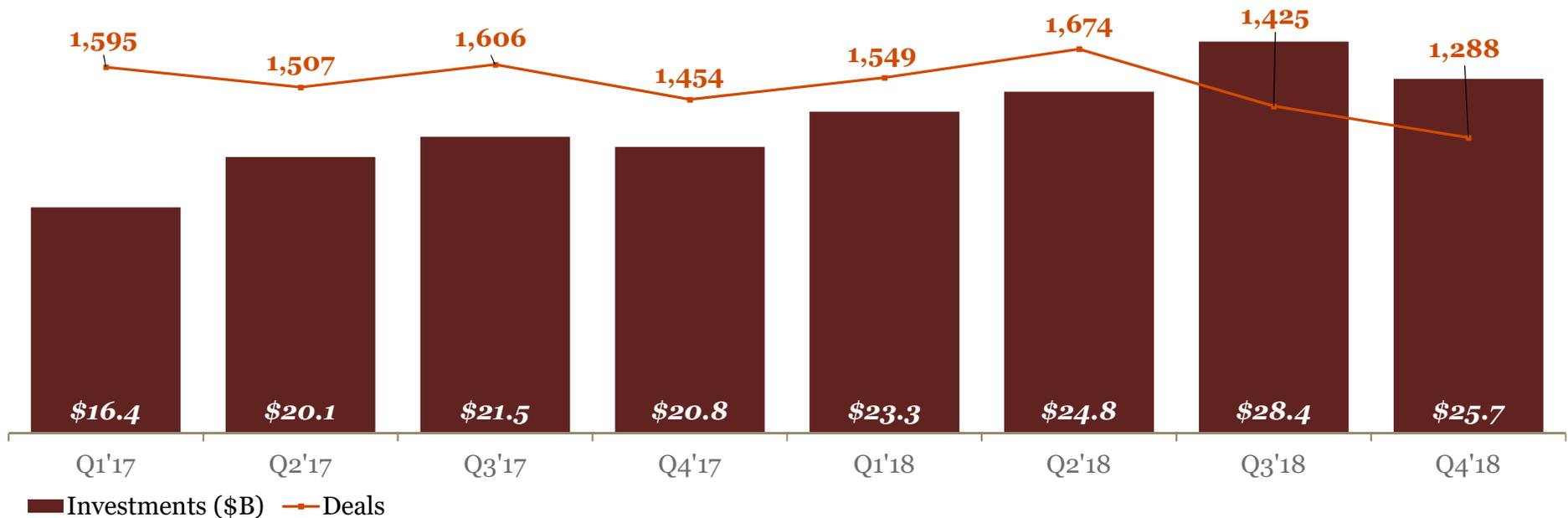




## 8-quarter financing trend: North America

### North American funding, deal activity decline in Q4'18

- VC-backed companies in North America raised \$25.7B across 1,288 deals, a 10% decline in funding.

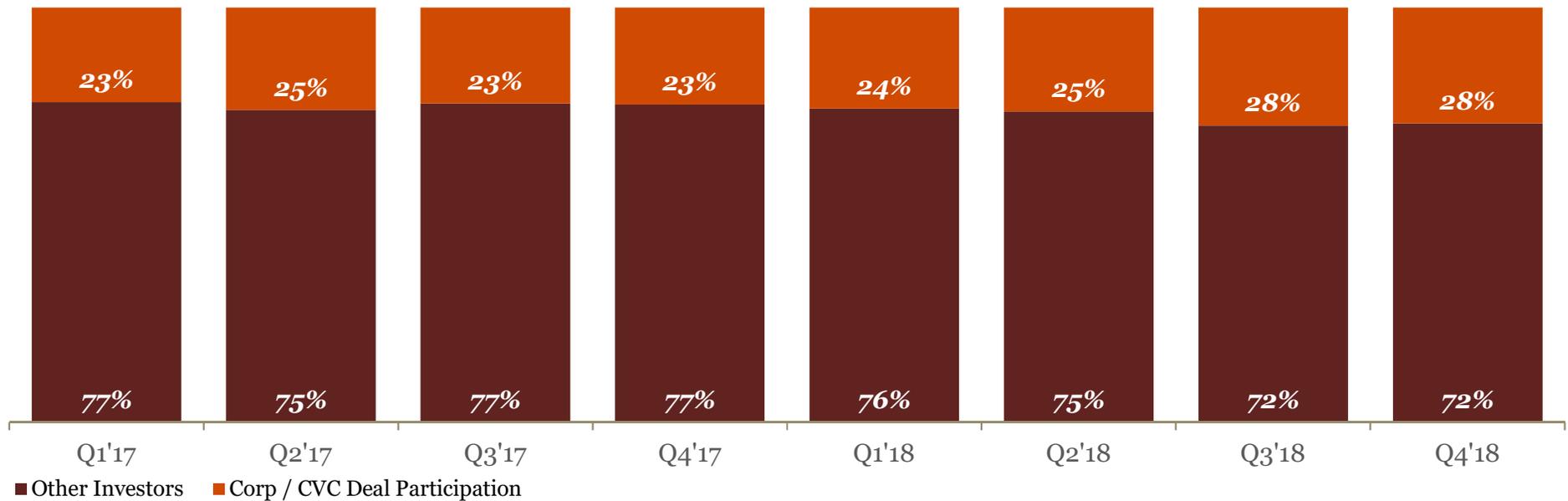




# North America corporate deal participation

## Q4'18 corporate participation flat in North America

- Corporate investors participated in 28% of US deals in Q4'18, flat compared to Q3'18.

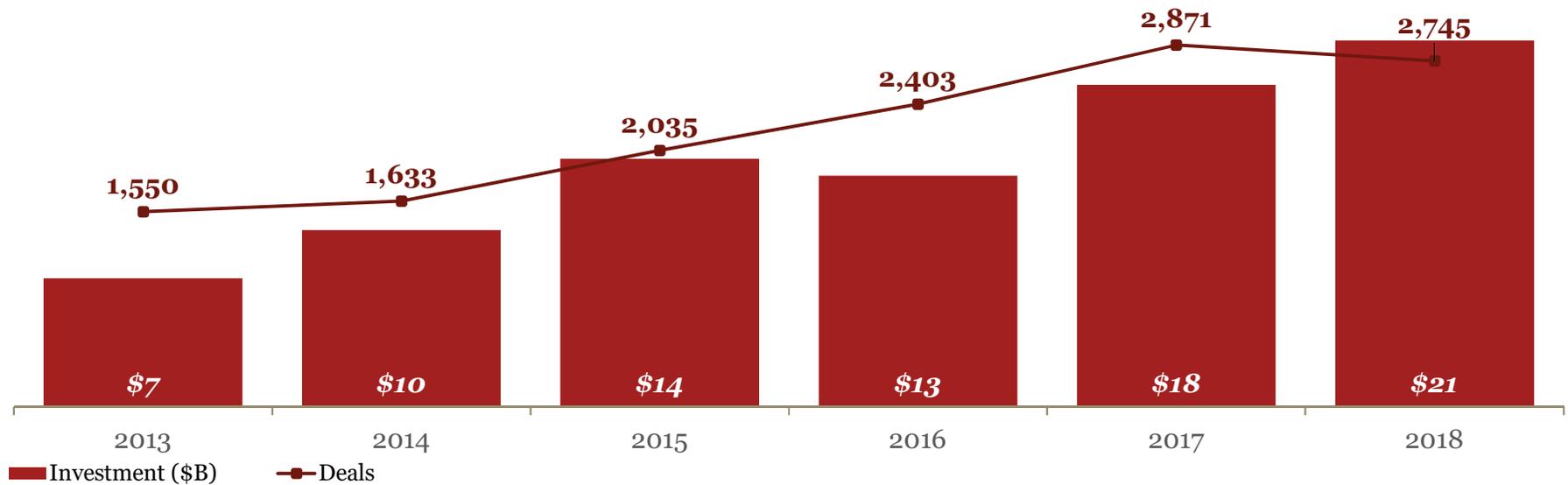


# Annual global financing trend: Europe



## European funding increases in full-year 2018

- Total annual Europe funding activity increased to \$21B in 2018 across 2,745 deals.

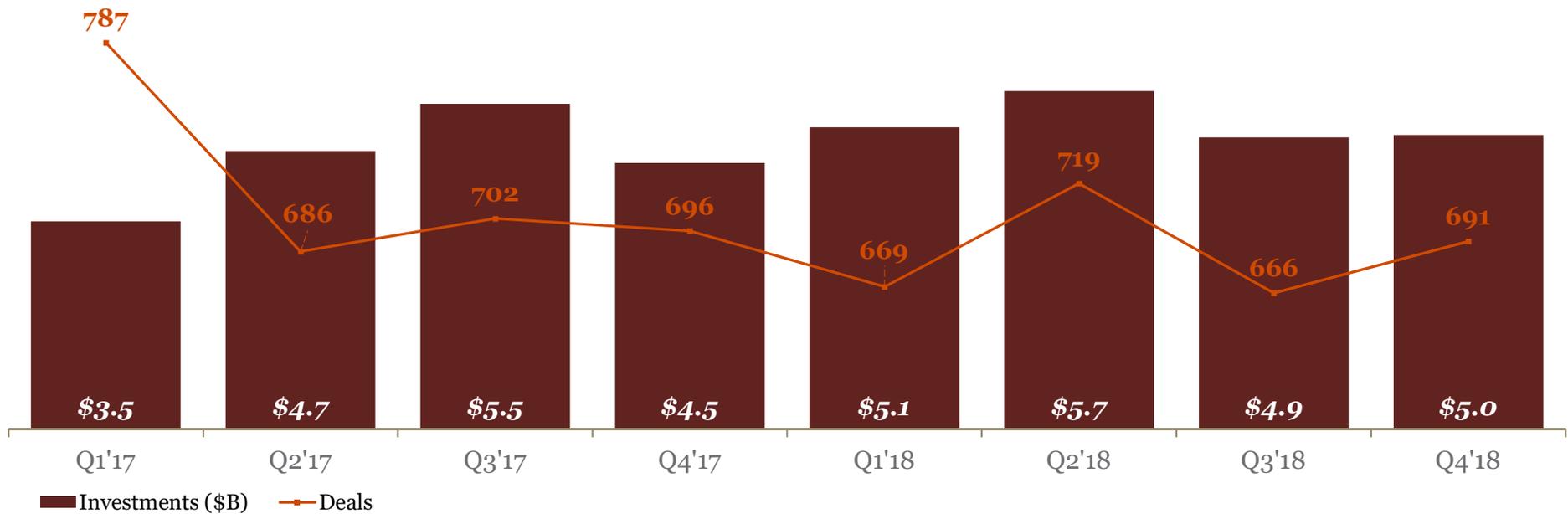




## 8-quarter financing trend: Europe

### Europe funding flat as deal activity increases

- Quarterly funding increased slightly to \$5.0B in Q4'18, from \$4.9B in Q3'18.
- Deal activity increased to 691 transactions, up from 666 in Q3'18.

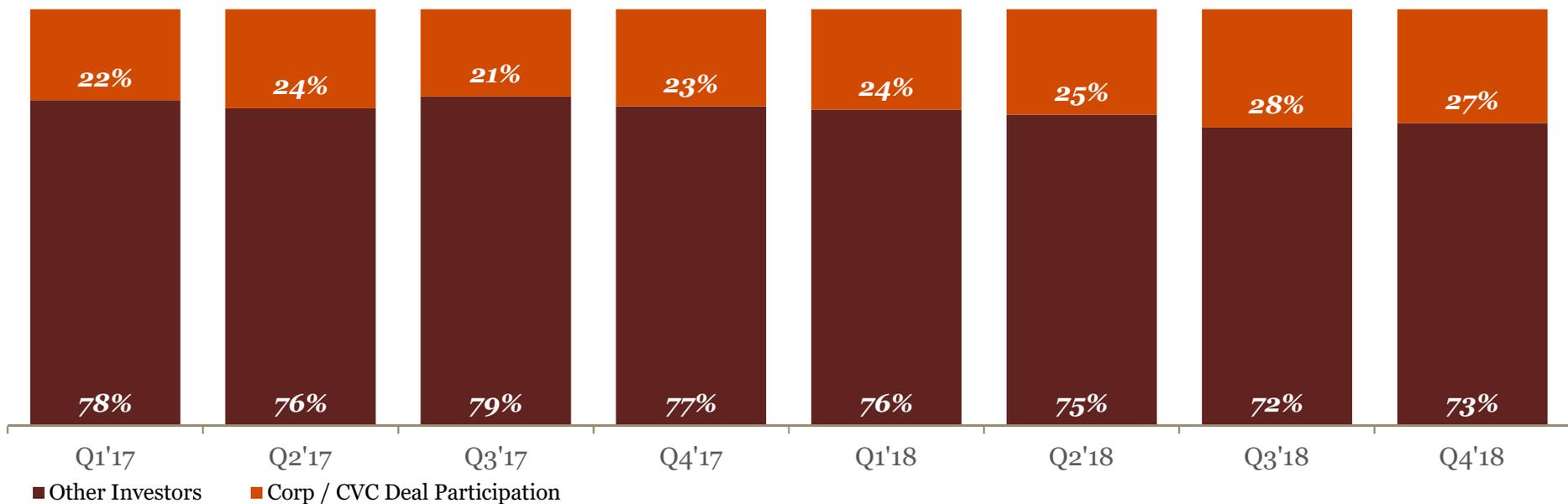




## Europe corporate deal participation

### European corporate participation declines slightly

- European corporate investors participated in 27% of VC deals in Q4'18, a slight decline compared to Q3'18.

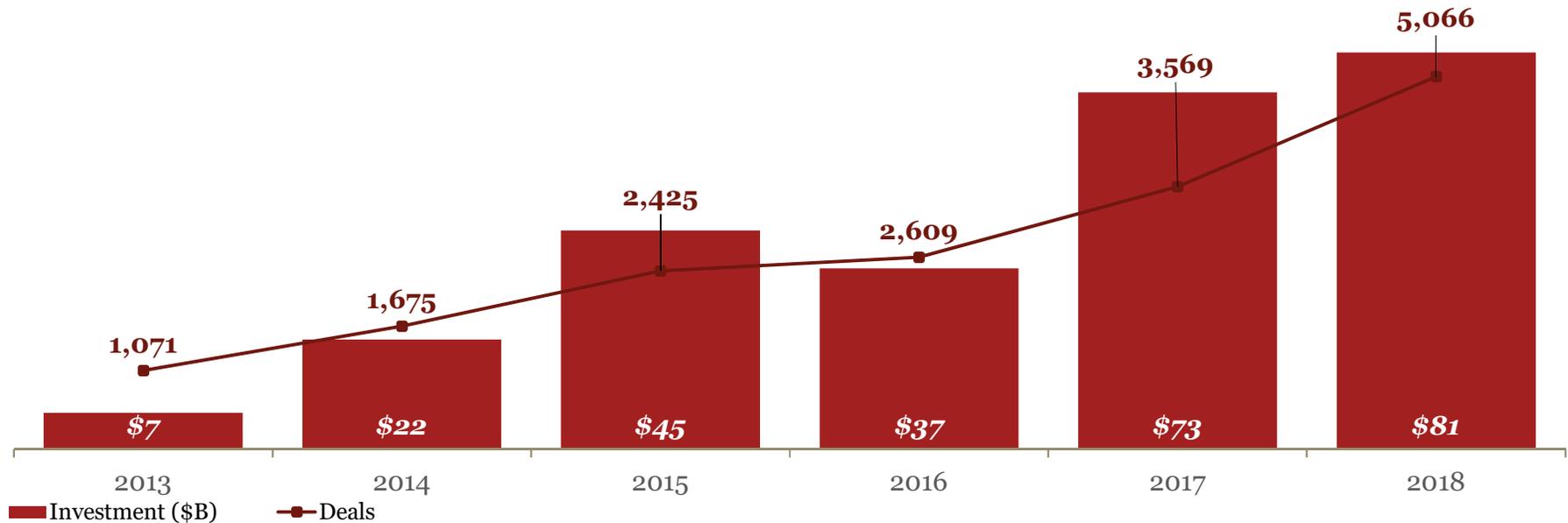


## Annual global financing trend: Asia



### Asia funding increases for the second straight year; deal activity increases for the fifth straight year

- Annual funding for Asian companies increased to \$81B in 2018, up from \$73B in 2017.
- Deal activity jumped to 5,066 transactions, a 42% increase compared to 2017 and the fifth straight year of increasing deals.

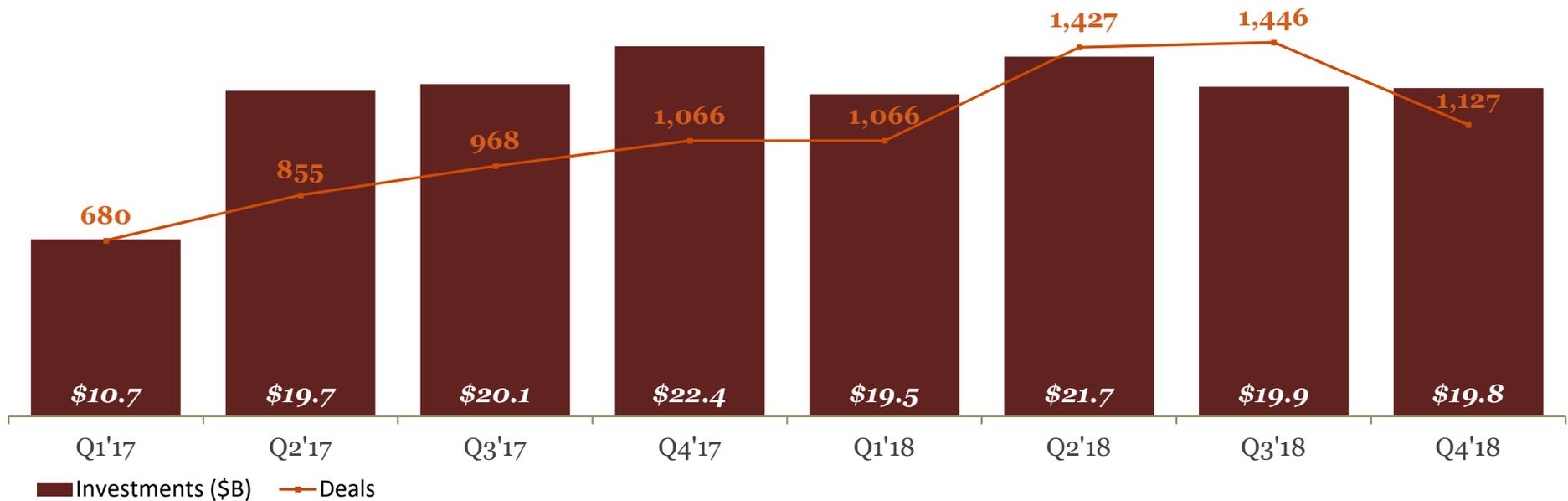




## 8-quarter financing trend: Asia

### Asia funding falls for the second straight quarter

- Asian funding fell slightly in Q4'18, to \$19.8B.
- Deal activity also fell to 1,127, from 1,446 transactions.

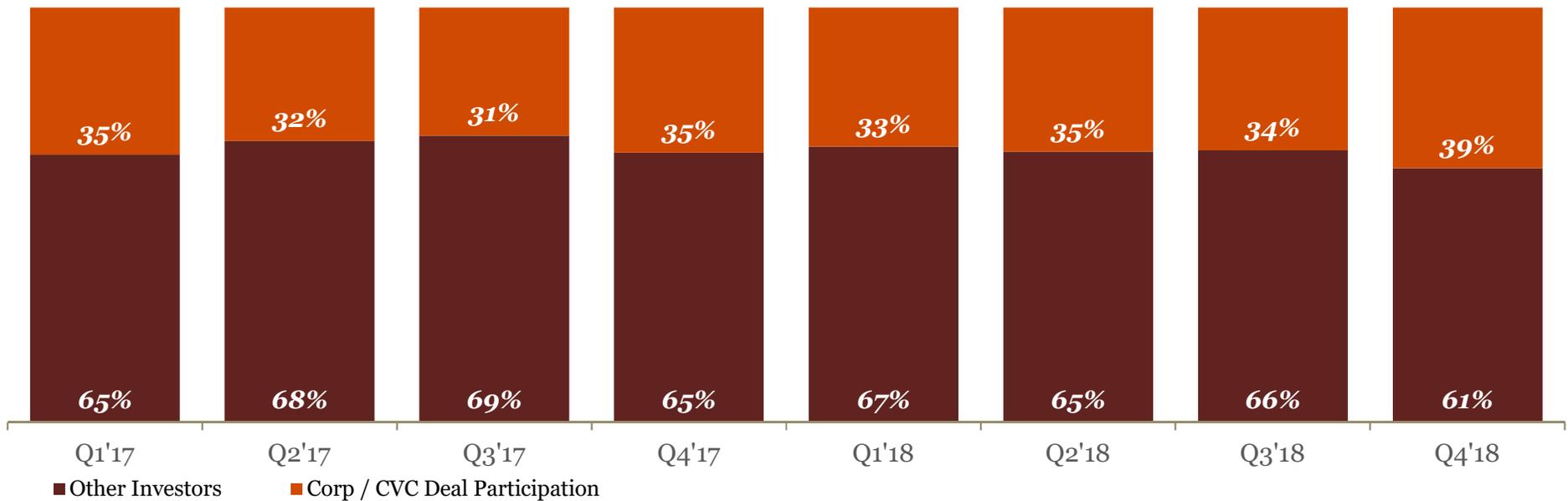


# Asia corporate deal participation



## Corporate participation in Asia increases in Q4'18

- Corporate investors increased their participation in Asian VC deals to 39% in Q4'18.





## Largest global deals of Q4'18

Company	Location	Sector	Industry	Stage of Funding	\$ Value of Deal	Select Investors
Coupang	Seoul, South Korea	Mobile & Telecommunications	Mobile Commerce		\$2,000M	SoftBank Group
Lu.com	Shanghai, China	Internet	Accounting & Finance		\$1,330M	All-Stars Investment, Goldman Sachs, LionRock Capital
Epic Games	Cary, United States	Software (non-internet/mobile)	Gaming		\$1,250M	ICONIQ Capital, KPCB, KKR & Co.
View	Milpitas, United States	Industrial	General Building Materials		\$1,100M	SoftBank Group
Tokopedia	Jakarta, Indonesia	Internet	E-commerce		\$1,100M	SoftBank Group, Alibaba Group, Sequoia Capital India
Swiggy	Bengaluru, India	Mobile & Telecommunications	Food & Grocery		\$1,000M	Coatue Management, Tencent Holdings, Naspers



## Most active VC firms of Q4'18 globally



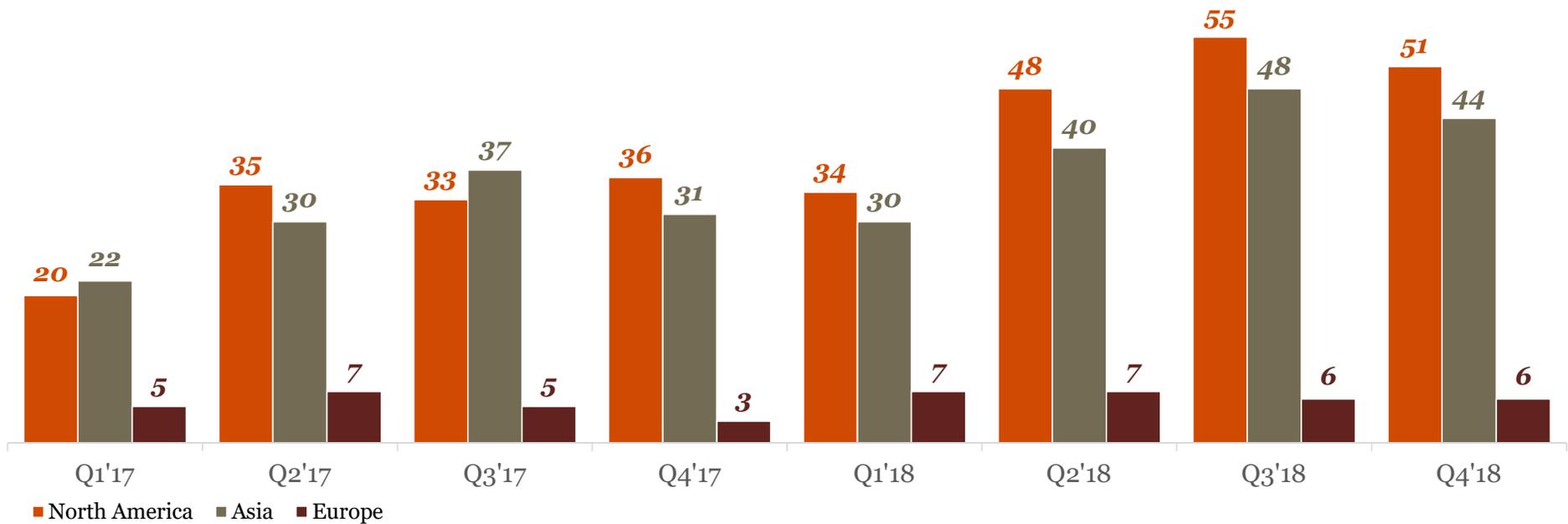
<i>Investor</i>	<i>Location</i>	<i>No. of Global Companies</i>	<i>Select Q4'18 Investments</i>
<b>1. 500 Startups</b>	California, US	<b>51</b>	Goldbelly, Chewse, AppOnboard
<b>2. Plug and Play Ventures</b>	California, US	<b>34</b>	Kepler Communications, Zesty.ai, Albert
<b>3. Sequoia Capital China</b>	Beijing, China	<b>28</b>	Leap Motor, Keking, 4Paradigm
<b>4. Sequoia Capital</b>	California, US	<b>22</b>	Snowflake Computing, Woowa Brothers, Graphcore
<b>4. New Enterprise Associates</b>	California, US	<b>22</b>	Plaid Technologies, Bright Health, Mirum Pharmaceuticals

# Global mega-round activity



## North America maintains its position with most quarterly \$100M+ rounds

- North America saw 51 mega-rounds in Q4'18, down from 55 in Q3'18.
- Mega-rounds were down in North America and Asia, and flat in Europe.

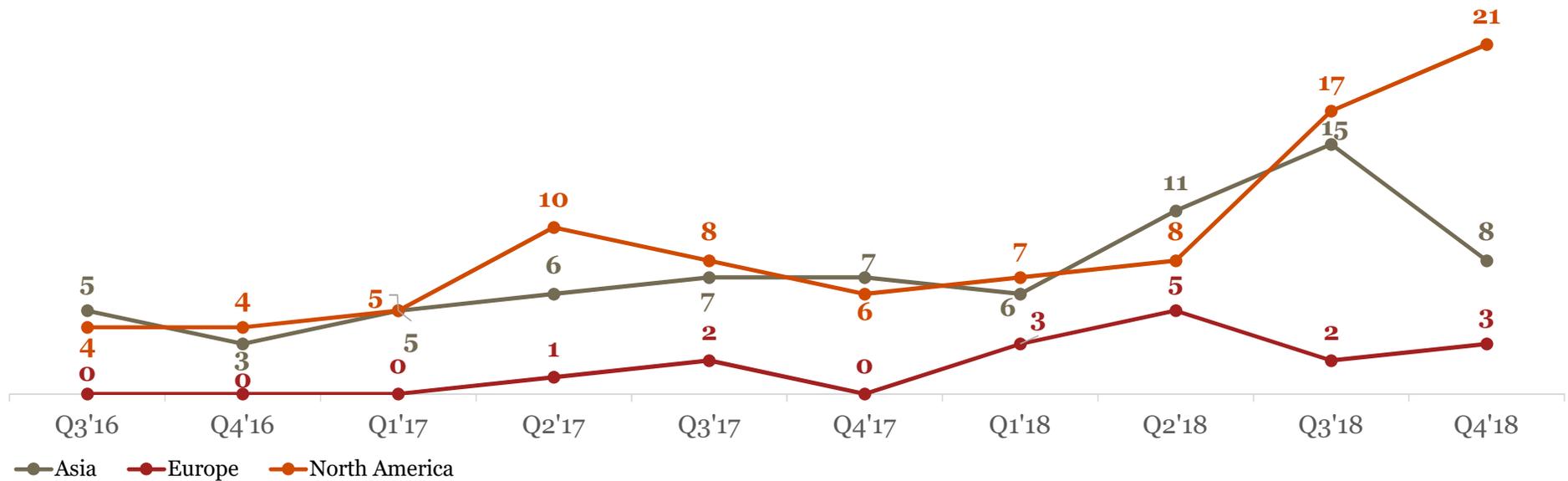


# Global new unicorn births



## North America surpasses Asia for most new unicorns for the second straight quarter

- North America saw a record number of private companies hit \$1B valuations in Q4'18, at 21 companies.
- Asia surpassed North America in Q2'18 with the most new unicorns, but has since fallen behind in Q3'18 and Q4'18.

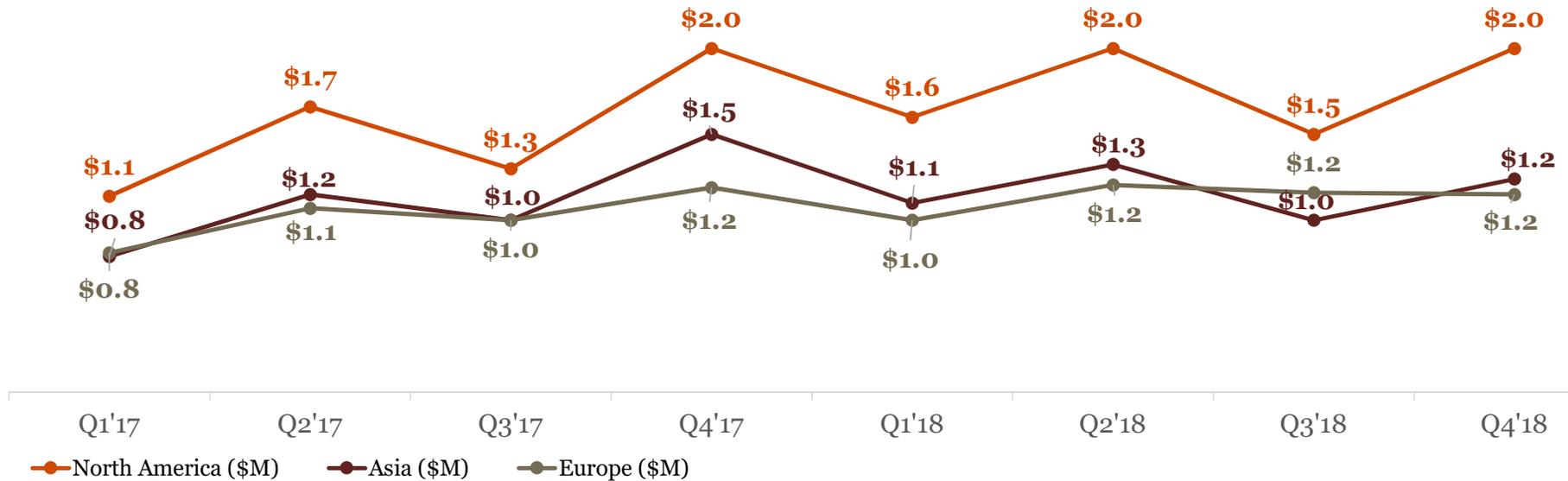




# Global seed-stage median deal size

## Median seed-stage deal size jumps in North America

- Median North America seed-stage deal size jumped to \$2.0M in Q4'18, from \$1.5M in Q3'18.
- Asia and European seed-stage medians were mostly flat during this period.

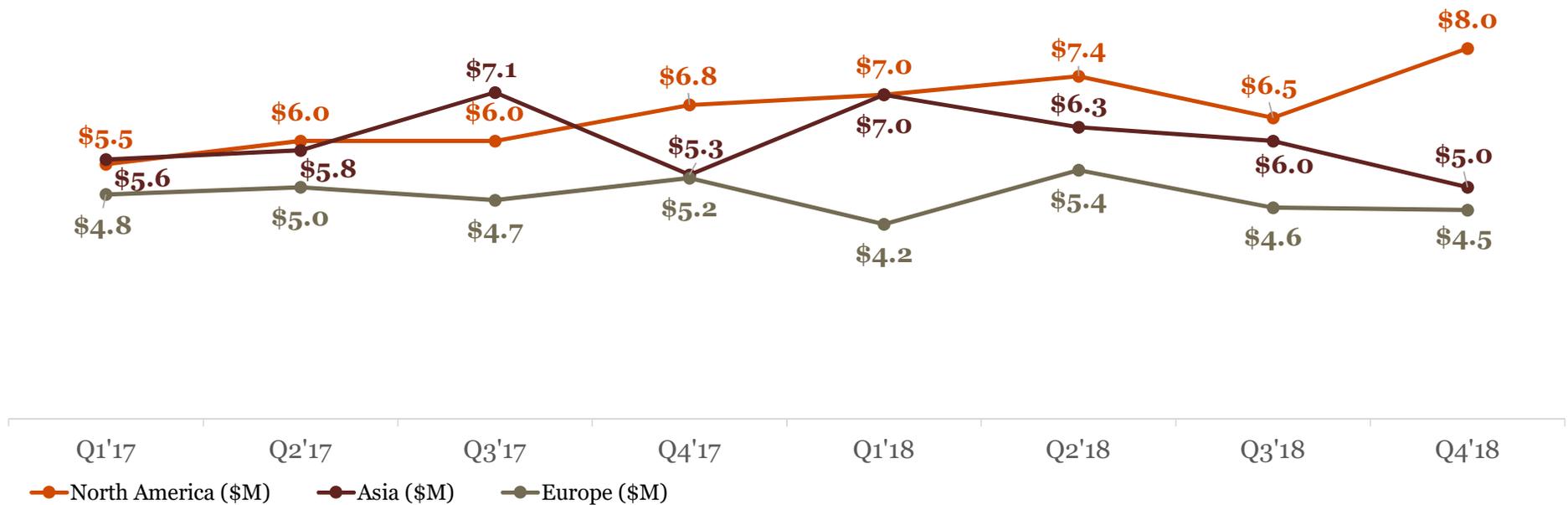




## Global early-stage median deal size

### North America median early-stage deal size jumped to \$8M in Q4'18

- Median early-stage deal size in North America increased to \$8M in Q4'18.
- Asian and European medians declined.

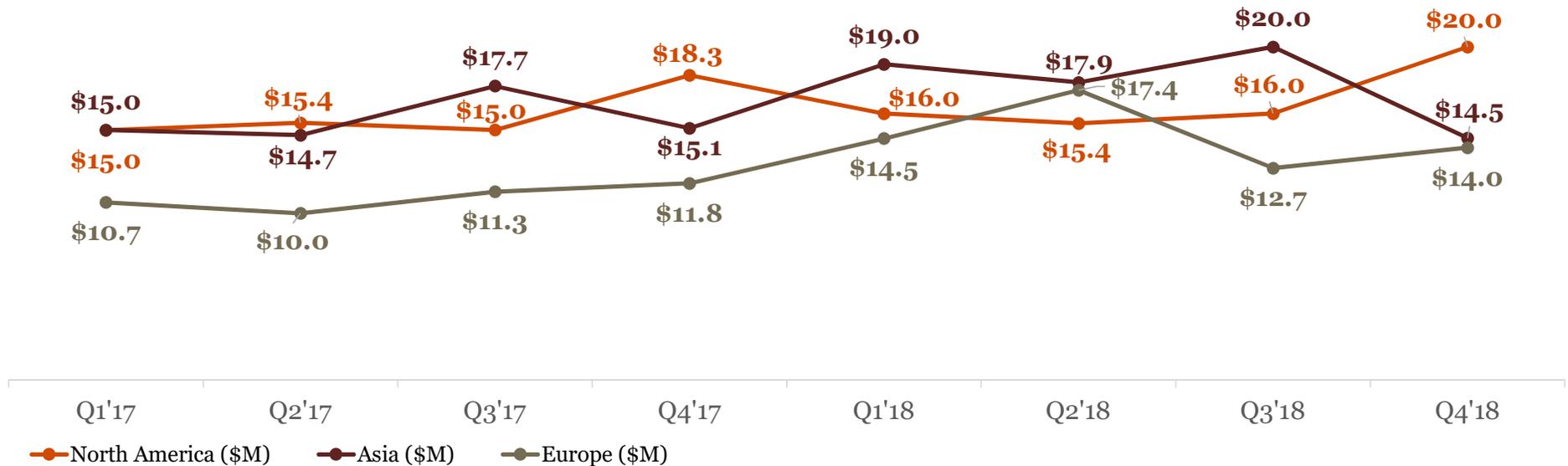




## Global expansion-stage median deal size

### Expansion-stage median deal size jumps in North America

- Median expansion-stage deal size jumped to \$20M in North America, while Europe was up slightly.
- Median expansion-stage deal size declined to \$14.5M in Asia, down from \$20M in Q3'18.

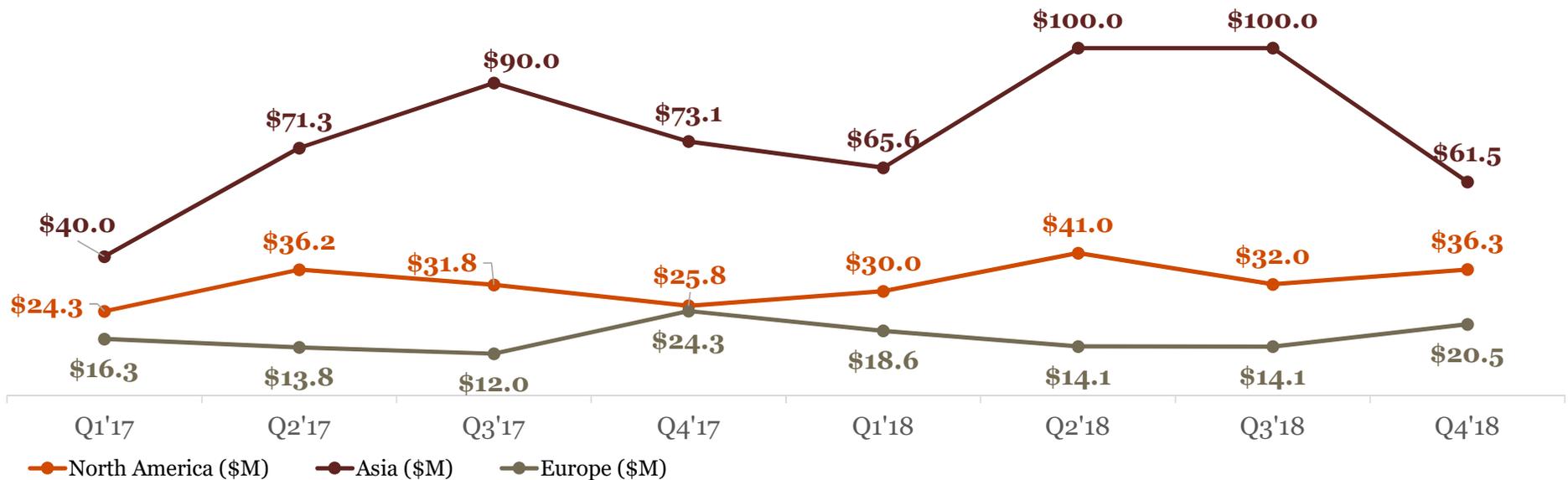




## Global later-stage median deal size

### Asian median later-stage deal size plummets, North America down slightly

- Median later-stage deal size declined by 39% in Asia, dropping from \$100M to \$61.5M in Q4'18.



# *Appendix*

## US States: Full listing

State	\$M	No. of Deals	State	\$M	No. of Deals	State	\$M	No. of Deals	State	\$M	No. of Deals
Alabama	3.5	3	Illinois	427.4	33	Minnesota	285.3	10	Oregon	92.5	11
Arizona	158.7	16	Indiana	94.8	12	Missouri	69.4	9	Pennsylvania	192.8	25
Arkansas	2.3	4	Iowa	5.2	1	Montana	3.2	1	PR	1.0	1
California	14,755.8	509	Kansas	29.3	6	New Hampshire	20.3	3	South Carolina	0.3	1
Colorado	243.7	37	Kentucky	4.2	2	New Jersey	136.5	6	Tennessee	435.8	10
Connecticut	51.0	10	Louisiana	5.4	2	New York	2,054.4	155	Texas	428.8	50
DC	403.7	3	Maine		1	North Carolina	1,425.4	16	Utah	246.9	12
Delaware		2	Maryland	218.8	11	North Dakota		1	Vermont	13.3	4
Florida	155.3	23	Massachusetts	2,313.0	111	Ohio	57.6	20	Virginia	69.1	8
Georgia	190.1	16	Michigan	70.4	17	Oklahoma	1.0	2	Washington	252.4	36

*No disclosed quarterly activity: AK, HW, ID, MS, NB, NV, NM, RI, SD, WV, WY*

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## Notes on methodology

PwC ([pwc.com/moneytree](http://pwc.com/moneytree)) and CB Insights ([cbinsights.com](http://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](mailto: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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