

PricewaterhouseCoopers

MoneyTree™ Report

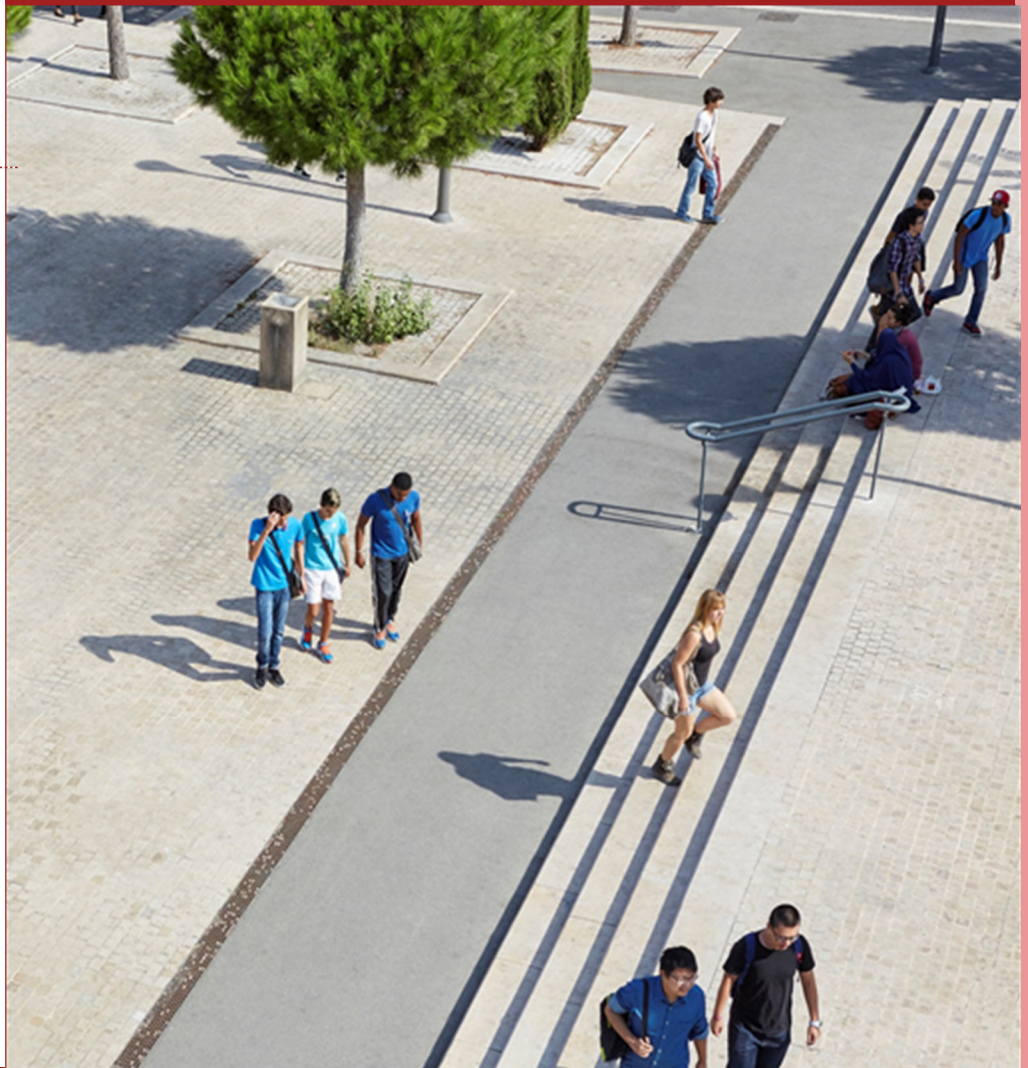
Q3 2016

Data provided by Thomson Reuters

Technology Institute

October 2016

The Q3 2016 MoneyTree™ results are in! This special report provides summary results for Q3 2016, Q2 2016 and Q3 2015. More detailed results can be found on the MoneyTree™ Report website at www.pwcmoneytree.com

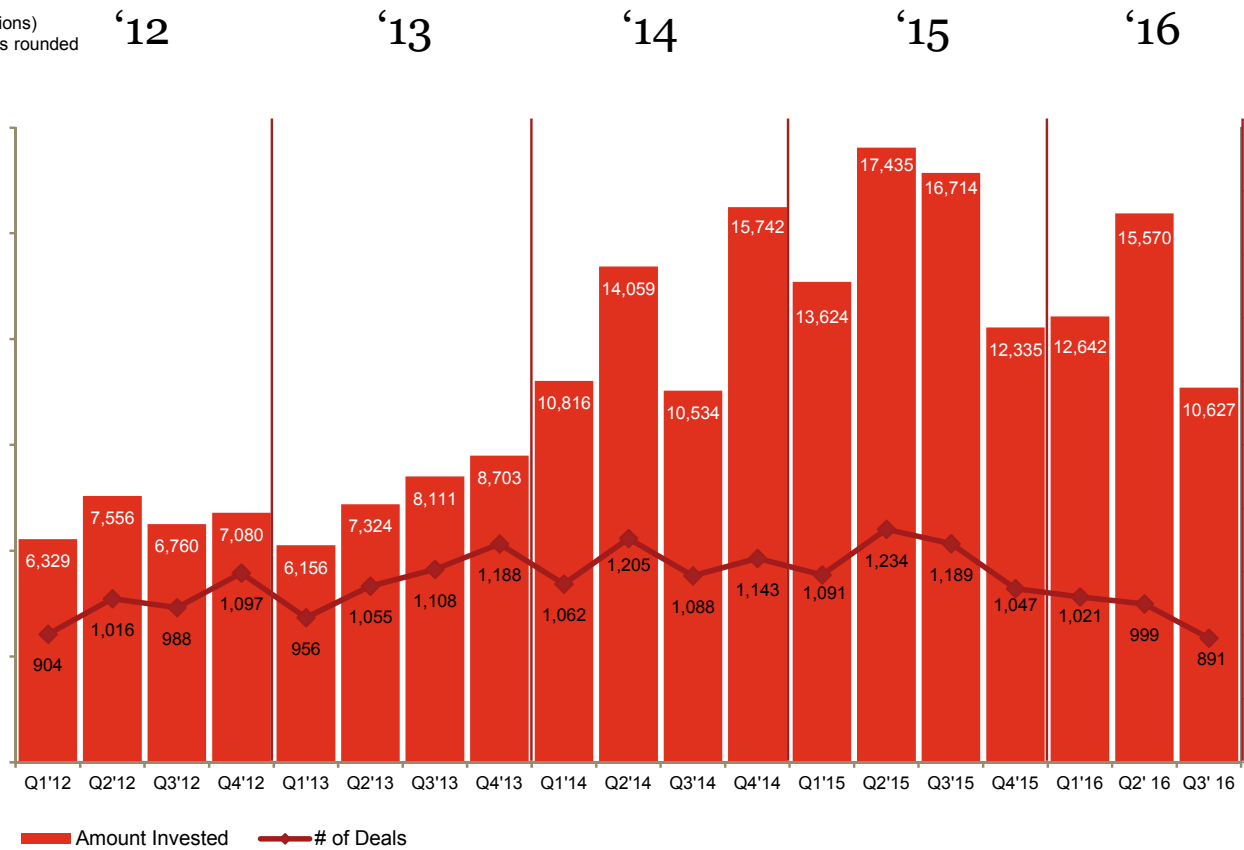


Total equity investments into venture-backed companies

Venture capitalists invested \$10.6 billion in 891 deals in the third quarter of 2016, according to the MoneyTree™ Report from PricewaterhouseCoopers LLP (PwC), based on data provided by Thomson Reuters. Total venture dollars deployed to startup companies for the quarter decreased 32 percent and total deal count was down 11 percent, compared to the second quarter when \$15.6 billion was invested in 999 deals. Compared to Q3 2015,

dollars and deals are down 36 and 25 percent, respectively. This is the eleventh consecutive quarter of more than \$10 billion in venture capital invested in a single quarter, and the second time deal count has dropped below one thousand since Q1 2013.

(\$ in millions)
All results rounded



Investments by industry

Q3 2016, Q2 2016, and Q3 2015

Despite a 58 percent decrease in dollars and 6 percent decrease in deals versus the second quarter of 2016, the Software industry continued to receive the highest level of funding of all industries, receiving \$3.7 billion across 372 deals for the quarter. Having just one of the 10 megadeals, the Software industry has held the top spot for dollars invested among all MoneyTree industries for 28 straight quarters.

The Biotechnology industry received the second largest amount of venture capital for the quarter, with \$1.8 billion invested into 87 deals, increasing 5 percent in dollars despite a 16 percent decrease in deals, compared to the previous quarter. Three of the top 10 deals were in the Biotechnology industry. Investments in the Life Sciences sector (Biotechnology and Medical Devices combined) during the third quarter accounted for \$2.5 billion going into 156 deals, increasing 8 percent in dollars and decreasing 7 percent in deals. Investments in Life Sciences companies accounted for 23 percent of all venture capital deployed to the startup ecosystem in the third quarter.

Consumer Products and Services companies received the third largest amount of venture capital for the quarter

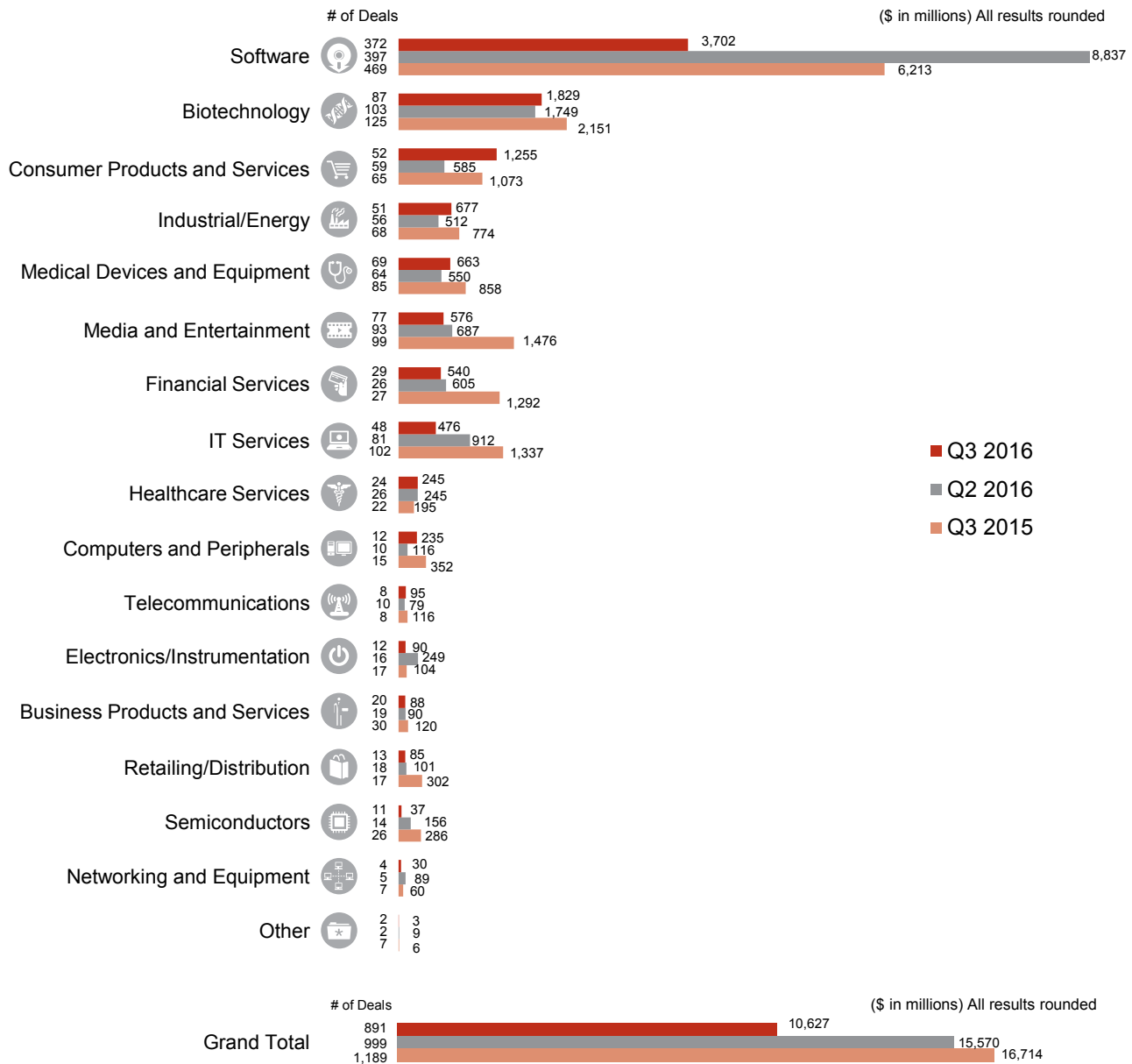
with \$1.3 billion deployed across 52 deals. Notably, the industry sector also received the greatest increase in dollars versus the previous quarter, with a lift of 114 percent. Industrial/Energy received the fourth largest amount of venture capital, with \$677 million going into 51 deals, followed closely by Medical Devices and Equipment, which received \$663 million going into 69 deals.

Ten of the 17 MoneyTree industries saw a decrease in dollars invested in the third quarter, including Semiconductors (76 percent decrease) and Networking and Equipment (66 percent decrease).

Venture capitalists invested \$2.7 billion into 210 Internet-Specific companies during the third quarter of 2016, increasing 4 percent in dollars but decreasing 17 percent in deal count, compared to the second quarter of 2016. “Internet-Specific” is a discrete classification assigned to a company with a business model that is fundamentally dependent on the Internet, regardless of the company’s primary industry category.

Investments by industry

Q3 2016, Q2 2016, and Q3 2015



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

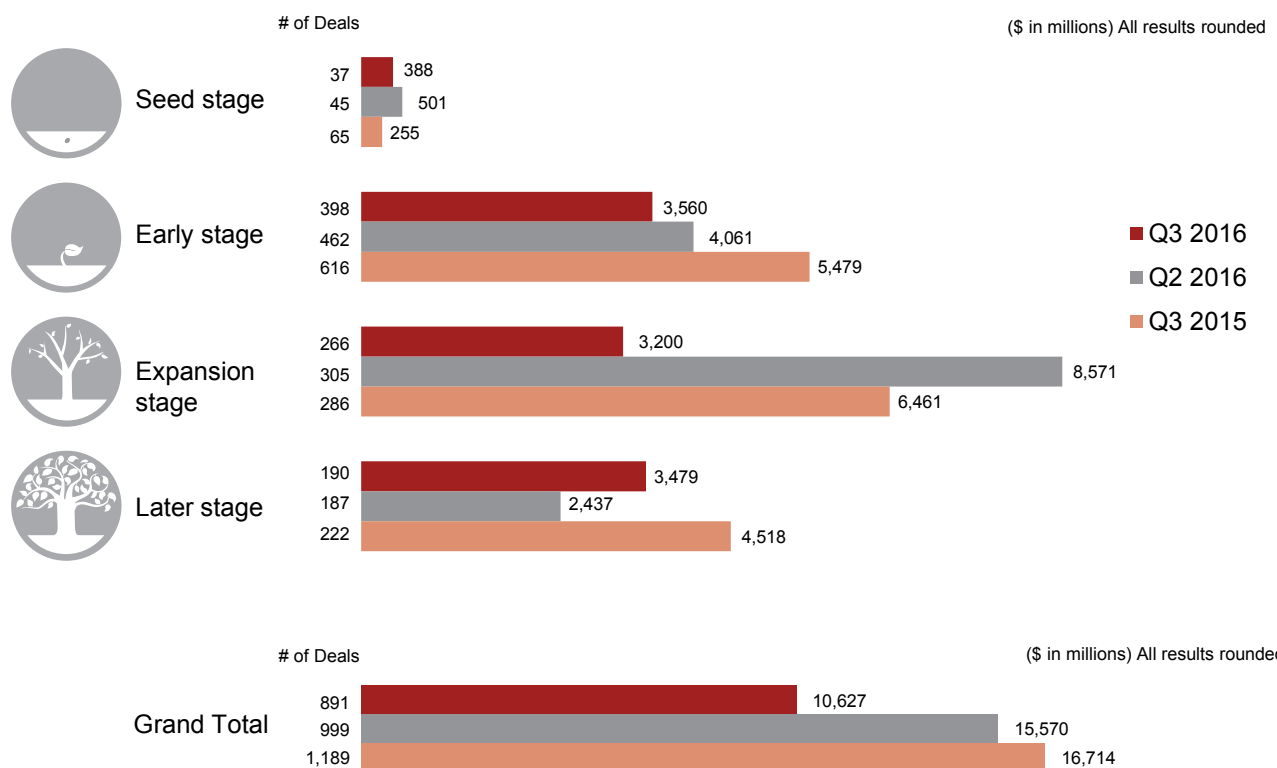
Investments by stage of development

Q3 2016, Q2 2016, and Q3 2015

Dollars invested in Seed stage companies declined 23 percent during the third quarter, totaling \$388 million in 37 deals and representing just 4 percent of all venture investment dollars and deals for the quarter. Early stage investment declined 12 percent in dollars and 14 percent in deals with \$3.6 billion going into 398 deals. Seed/Early stage deals as a percent of the total remained flat versus the previous quarter, accounting for 49 percent of total deal volume, compared to 51 percent in the prior quarter. The average Seed stage deal in the third quarter was \$10.5 million, versus \$11.1 million in the second quarter. The average Early stage deal in the third quarter was \$8.9, flat versus the \$8.8 million average in the prior quarter.

Expansion stage investment was down 63 percent in dollars and 13 percent in deal count for the third quarter, at \$3.2 billion and 266, respectively, from the previous quarter. Expansion stage deals accounted for 30 percent of all venture dollars in the third quarter and 30 percent of deals. The average Expansion stage deal was \$12 million, down from \$28.1 million in the second quarter.

Investments in Later stage companies increased 43 percent to \$3.5 billion going into 190 deals in the third quarter. Later stage deals accounted for 33 percent of total dollar volume for the quarter and 21 percent in deals. The average Later stage deal in the third quarter was \$18.3 million, up from \$13.0 million in the prior quarter.



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

Investments by sequence of financing

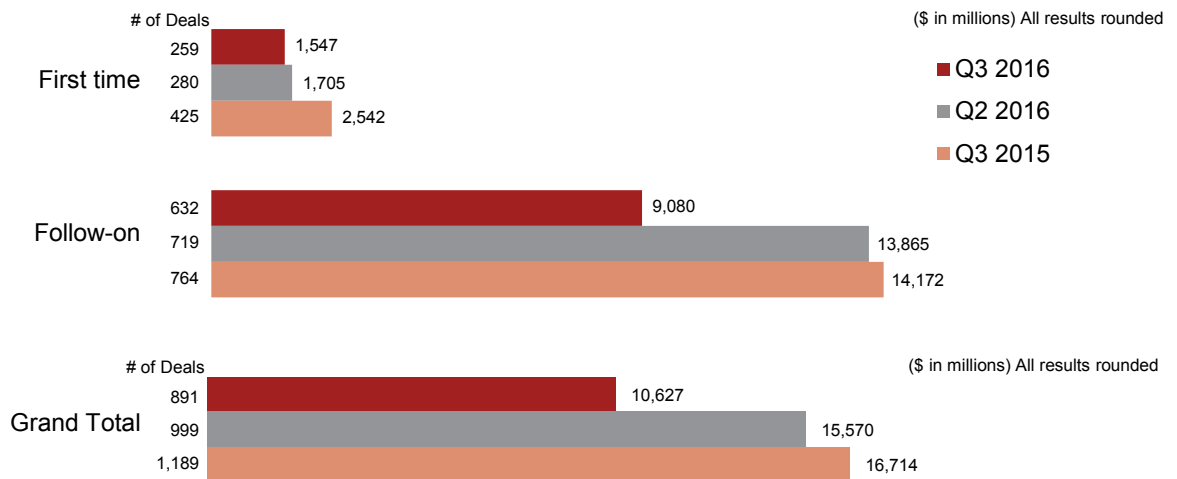
Q3 2016, Q2 2016, and Q3 2015

First-time financing (companies receiving venture capital for the first time) dollars decreased 9 percent to \$1.5 billion and deals decreased 8 percent to 259 in the third quarter, compared to the previous quarter. First-time financings accounted for 15 percent of all dollars and 29 percent of all deals in the third quarter.

Of the companies receiving venture capital funding for the first time in the third quarter, Software companies

captured the largest share, accounting for 45 percent of the dollars and deals with \$696 million going into 116 deals. First-time funding in the Life Sciences sector during the third quarter was up 3 percent in dollars and down 8 percent in deals, with \$370 million going into 33 deals.

The average first-time deal in the third quarter was \$6.0 million, flat versus the previous quarter.



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

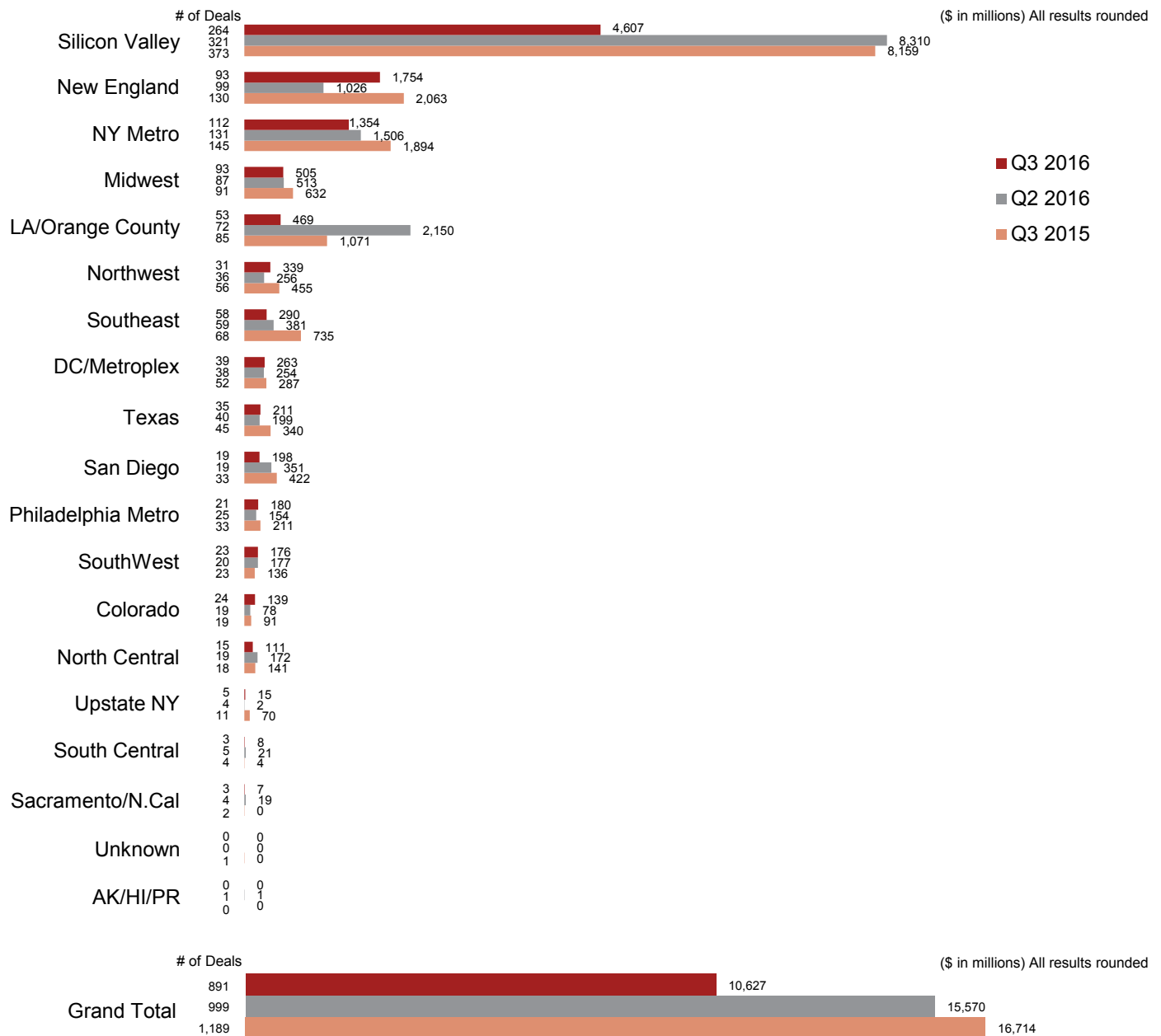
Investments by region

Q3 2016, Q2 2016, and Q3 2015

Even with a decrease of 45 percent in dollars and 18 percent in deals from last quarter, Silicon Valley received the highest level of funding for all regions in the third quarter of 2016, with \$4.6 billion going into 264 deals. New England received the second highest level of funding with \$1.8 billion going into 93 deals, rising 71 percent in dollars from last quarter and declining 6

percent in number of deals. New York Metro investments came in third, with a decrease of 10 percent in terms of dollars and 15 percent in deals with \$1.4 billion going into 112 deals.

Seven of the 18 MoneyTree™ regions experienced increases in dollars invested in the third quarter.



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

Most active venture investors

Q3 2016

New Enterprise Associates, Inc. had the most deals in the third quarter of 2016, with a total of 24 deals. Greycroft Partners LLC was second with 18 deals and DreamIt Ventures and Innovation Works, Inc. followed right behind with 16 deals each.

Most active venture investors are those investors who participated in 8 or more deals in the third quarter of 2016.

Firm	City	# of Deals
New Enterprise Associates, Inc.	CA, Menlo Park	24
Greycroft Partners LLC	NY, New York	18
DreamIt Ventures	PA, Philadelphia	16
Innovation Works, Inc.	PA, Pittsburgh	16
Canaan Partners	CA, Menlo Park	12
Norwest Venture Partners	CA, Palo Alto	11
Google Ventures	CA, Mountain View	10
First Round Capital	PA, Philadelphia	10
Deer Management Co. LLC	NY, Larchmont	9
Khosla Ventures LLC	CA, Menlo Park	9
Kleiner Perkins Caufield & Byers LLC	CA, Menlo Park	9
Comcast Ventures	PA, Philadelphia	8
True Ventures	CA, Palo Alto	8
Andreessen Horowitz LLC	CA, Menlo Park	8
Charles River Ventures LLC	MA, Cambridge	8
U.S. Venture Partners	CA, Menlo Park	8
Accomplice LLC	MA, Cambridge	8
SV Angel II Q LP	CA, San Francisco	8

PwC can help

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

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Let's talk

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About PwC's Technology Institute

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

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