The first quarter of 2019 saw $75 billion¹ invested globally into venture capital-backed startups, representing growth of 6% YoY.²

Although impressive, these figures are dwarfed by what the industry has achieved over the past decade. 2018’s total financing of $254 billion³ was a 46% leap on 2017’s numbers, having grown since 2008 at a CAGR of 17%⁴.

While the overall dollar investment volume keeps climbing, the number of deals made is in decline. An escalating feedback loop is perpetuating this trend:

1. There are fewer companies being funded.
2. Startups are raising larger rounds and staying private longer.
3. More growth and value upside is remaining inside private markets.
4. Rising numbers of “mega funds” are being raised to maintain private stakes.
5. Earned reputation allows the best funds to raise more and access more mature deals.

The number of seed deals are falling⁵ due to there being fewer fundable companies and larger funds focusing more on mature investments.

A quality > quantity, winner-take-all mentality has bid up valuations across all rounds.

Global Pre-money Valuation Increases 2010-18⁶

- Seed: $3 million > $7 million (2.3x)
- Series A: $6 million > $20 million (3.3x)
- Series B: $19 million > $58 million (3.1x)

More powerful $500+ million “mega funds” have been raised, which reinforces firms’ advantages.

36% of unicorn investors hold

75% of all unicorn investments⁷

Staying private longer results in bigger eventual exits to investors and capital recycling effects.

Global VC Exit Proceeds⁸ (in $ billions)

- 2010: $70
- 2018: $300

Moving Forward: Issues Impacting the VC Industry

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<td>The geographic spread of successful startups has widened. In 2019, there are 26 countries home to unicorns, an increase from 9 in 2015⁹.</td>
<td>70% of US IPOs have negative earnings: Dot-com bubble territory¹⁰.</td>
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30% of all unicorn investments⁷

Antitrust breakups, security concerns, and higher trade barriers loom.

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¹ Crunchbase ² KPMG/Pitchbook ³ The Daily Telegraph ⁴ Preqin ⁵ Empirical Research Partners