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# Mattermark Q2 2015 - U.S. Venture Capital Activity Analysis

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## Introduction

This report analyzes venture funding in Q2 2015 for US startups. Trends in venture funding over the past year are also examined.

Although this report provides information on how businesses grow, raise funding and evolve, utilization of these resources should be combined with your special knowledge of your industry, region and role. Startup investments and business decisions hold a level of risk on the part of investors, founders, employees, services providers, and anyone who stands to benefit from these transactions.

We hope that this report both informs your future conversations and helps you start Q3 with better data for your upcoming business decisions.

Sincerely,



Danielle Morrill, CEO & Cofounder of Mattermark

### Acknowledgements

The Mattermark Real Estate Report would not be possible without a team effort. Thank you to the Mattermark analysts, researchers, software engineers and designers who made this report possible: Joshua Luxton, Sam DeBrule, Avi Eisenberger, Kevin Liu, Sarah Catanzaro and many more.

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# Methodology

## Time Period

For this report we examined Q2 2015 Venture activity and funding trends in the year prior.

## Funding Rounds

For population statistics referencing “Venture-Backed” startups, inclusion for analysis was restricted to deals that disclosed the amount of funding raised.

## Criteria

All analyses include USA companies. Metropolitan regions reflect Combined Statistical Areas as defined by the United States Office of Management and Budget.

## Data Sources

Mattermark uses a broad range of sources to present the most complete picture possible of the startup ecosystem. In addition to extensive primary source research sourced specifically for this report, Mattermark uses publicly-available data from AngelList ([www.angel.co](http://www.angel.co)), Crunchbase ([www.crunchbase.com](http://www.crunchbase.com)), NASDAQ, ([www.nasdaq.com](http://www.nasdaq.com)), the United States Securities and Exchange Commission ([www.sec.gov](http://www.sec.gov)), and source relationships with thousands of investors, community leaders, and startup founders. Map graphics were generated using [CartoDB](#).

*Please send any questions, comments, or corrections for the editor to [support@mattermark.com](mailto:support@mattermark.com).*

# Deal Volume

How many startups received funding in Q2 2015?



# Key Startup Funding Statistics

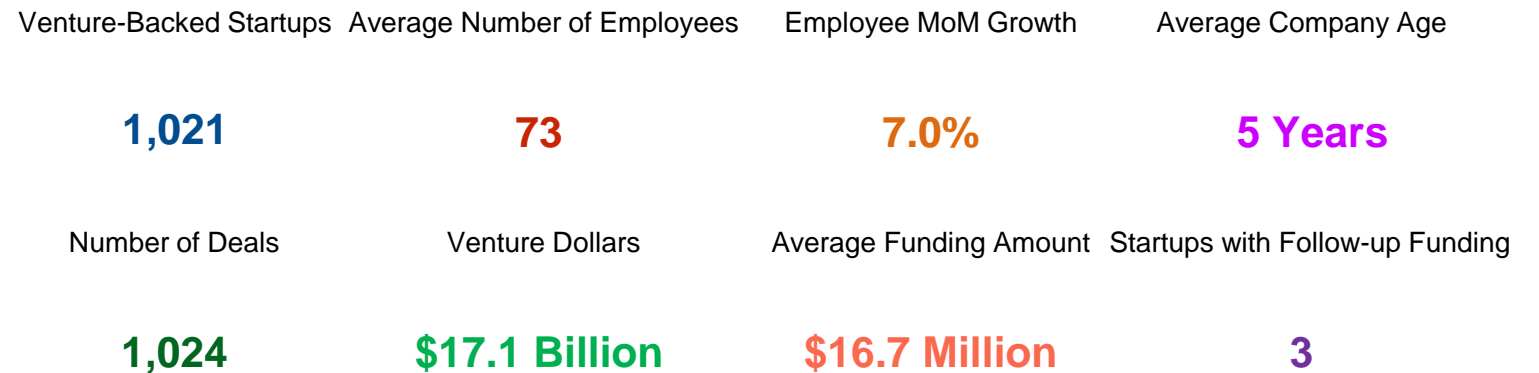
Although Q2 2015 Venture Capital deal volume is less than Q2 2014, total capital invested has increased significantly. Both deal volume and total capital invested increased from Q1 to Q2 2015.

Q2 2015 Venture Capital deal volume was up 18% from Q1 2015, but the number of deals is down 39% from Q2 2014. Number of deals in Q2 2015 peaked in mid May with a high of 34 deals in a day.

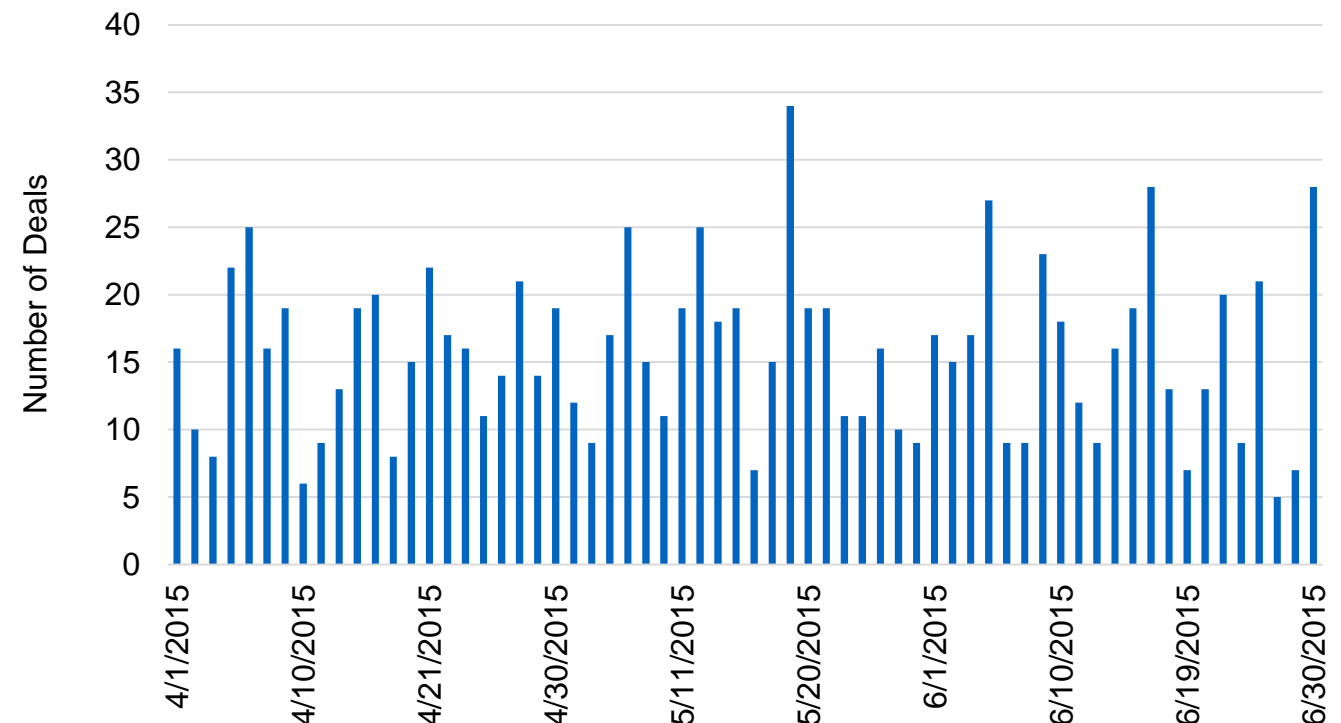
Total capital invested was up 9% from Q1 2015 and reached an all time high for the year at \$17.1 billion. This is a 14% increase in total venture dollars invested compared to Q2 2014.

There were three startups that raised multiple rounds in Q2. For example, [SimplyInsured](#) raised their [Seed on April 20<sup>th</sup>](#) and went on to raise their [Series A on June 30<sup>th</sup>](#). Weeks after closing funding, [DocuSign](#) received a [\\$45 million infusion](#) which increased their Series F funding round to \$278 million. Lastly, [Tracxn](#) raised [\\$10 million in funding](#) in June, after raising their [\\$3.5 million Series A](#) in April.

USA Startup Key Statistics for Q2 2015



Q2 2015 Deal Volume Histogram



# Regional VC Funding Statistics

Startup funding for Q2 2015 was geographically diffuse and capital invested was strikingly different by region.

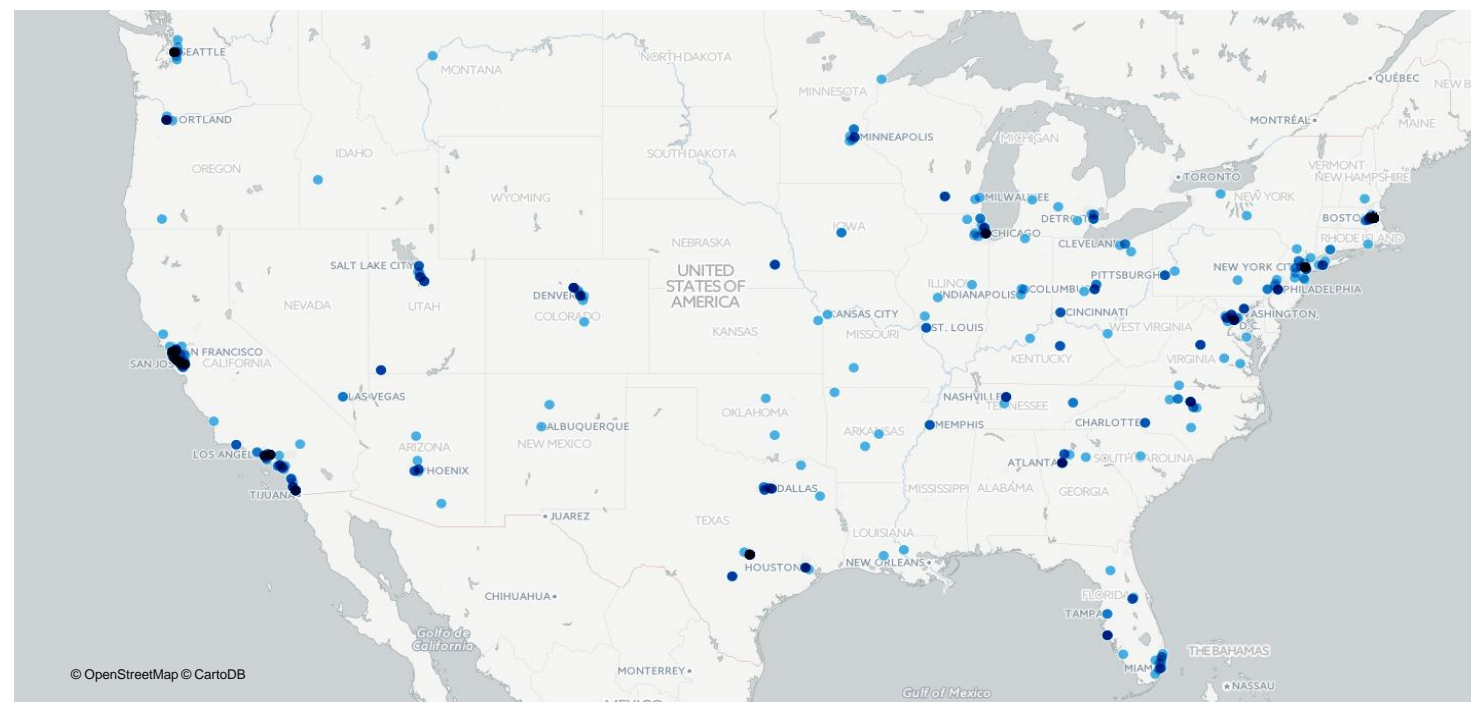
Bay Area startups received the most venture capital and deals compared to other top funded regions. Deal volume for the Bay Area is up 32% from last quarter.

New York startups received the 2<sup>nd</sup> most venture dollars. Startups in this region experienced the greatest compounding employee growth after funding (18%).

Our analysis suggests that New York startups have the resources to sustain company growth after fundraising, despite lower average deal sizes relative to other regions.

Startups receiving funding in Austin and Washington D.C. are smaller in size, on average, when compared to startups in other regions.

Austin and D.C. received a sizable amount of capital at \$420 million in total venture funding, despite the early stage of these startup ecosystems.

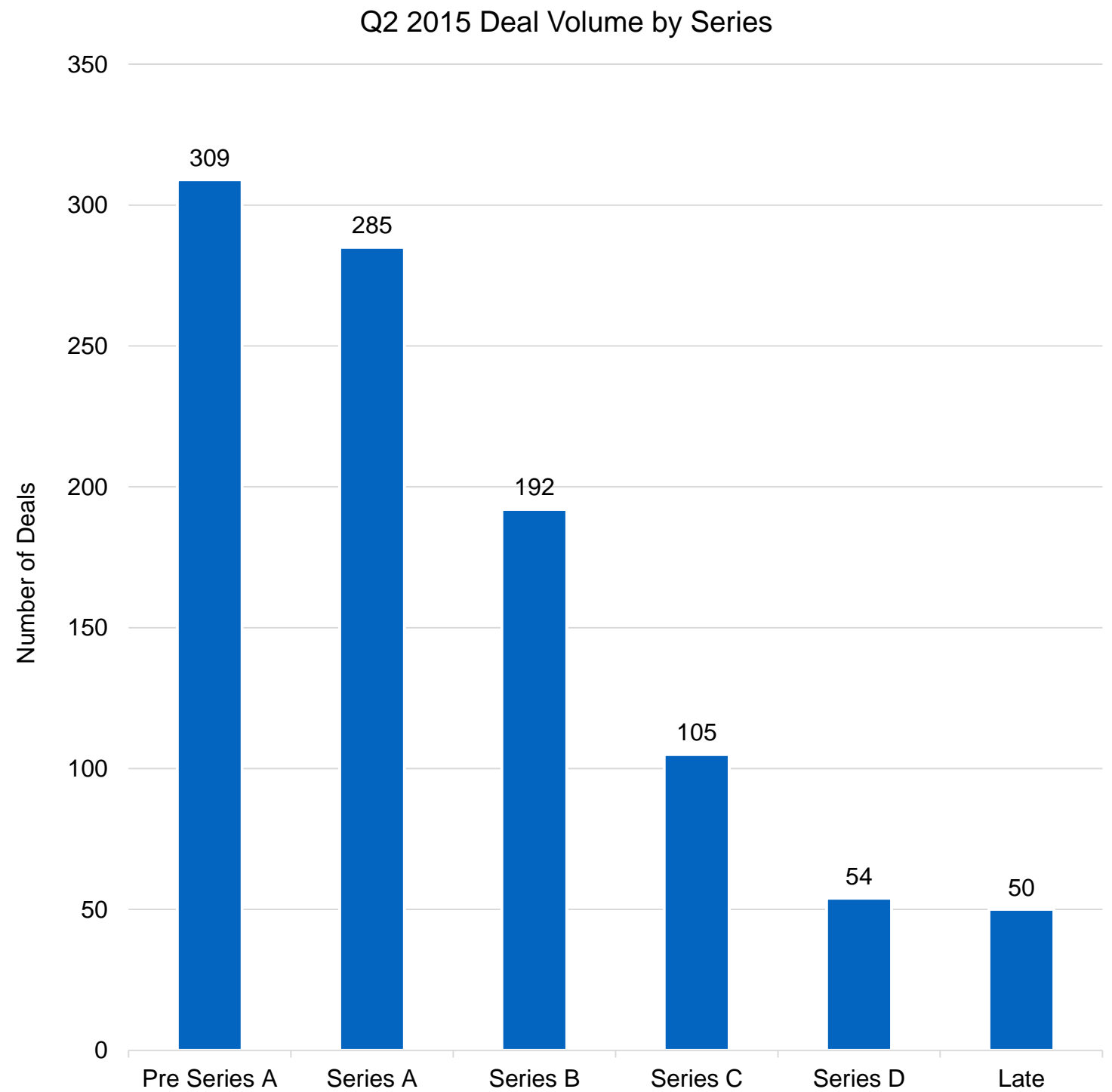


Region	Venture-Backed Startups	Average Deal Size (Millions)	Total Venture Dollars (Billions)	MoM Employee Growth	Compound Growth Since Funding	Average Company Size	Average Age
Austin	28	\$ 6.40	\$ 0.18	1%	4%	27	4
Bay Area	308	\$ 27.73	\$ 8.32	8%	7%	94	4
Boston	86	\$ 16.50	\$ 1.39	4%	7%	55	6
Chicago	25	\$ 7.24	\$ 0.18	5%	5%	101	5
Los Angeles	63	\$ 20.86	\$ 1.33	8%	10%	61	5
New York	150	\$ 13.75	\$ 1.99	6%	18%	71	4
Salt Lake City	13	\$ 26.82	\$ 0.35	4%	5%	144	6
San Diego	20	\$ 12.84	\$ 0.26	5%	13%	47	8
Seattle	37	\$ 17.58	\$ 0.67	7%	6%	119	5
Washington, D.C.	31	\$ 7.59	\$ 0.24	12%	7%	31	4

# Deal Volume in the Past Year

Q2 2015 Late round (Series E-H) deal volume was the highest it has been all year. Although Late stage deals occurred less frequently than other series in Q2 2015, they occurred 43% more frequently than last quarter, and 100% more frequently than Q2 2014.

Pre Series A deals occurred most frequently in Q2 2015 and represented 30% of all funding events. Early stage funding rounds (Pre Series A and Series A) comprised the majority of all venture capital deployed (58%). The number of early stage rounds is up 18% from last quarter.



\*\*Angel funding rounds or rounds that were not disclosed were not included in this analysis



# Startup Superlatives

What are the most notable deals in Q2 2015?



# Largest US Funding Rounds in Q2 2015

Company	Funding Date	Series	Funding Amount (USD Million)	Investors	Region
Airbnb	6/29/2015	Series E	\$ 1,500	General Atlantic, Hillhouse Capital Group, Tiger Global Management	Bay Area
Snapchat	5/29/2015	Series E	\$ 537	Fidelity Investments, York Capital Management, Glade Brook Capital Partners	Los Angeles
Zenefits	5/6/2015	Series C	\$ 500	Khosla Ventures, Insight Venture Partners, Ashton Kutcher, Andreessen Horowitz, Fidelity Investments, Jared Leto, TPG Capital, Institutional Venture Partners (IVP), Sound Ventures, Founders Fund	Bay Area
Affirm	5/6/2015	Series C	\$ 275	Khosla Ventures, Lightspeed Venture Partners, Spark Capital, Andreessen Horowitz, Jefferies Group	Bay Area
DraftKings	4/3/2015	Series D	\$ 250	The Walt Disney Company	Boston
DocuSign	5/12/2015	Series F	\$ 233	Brookside Capital, Generation Investment Management, ClearBridge Investments, Iconiq Capital, Wasatch Advisors, Wellington Management, Sands Capital Ventures	Seattle
Denali Therapeutics	5/14/2015	Series A	\$ 217	ARCH Venture Partners, Alaska Permanent Fund, Flagship Ventures, Fidelity Biosciences	Bay Area
Domo	4/8/2015	Series D	\$ 200	BlackRock, The Capital Group, Glynn Capital Management, GGV Capital	Salt Lake City
NantHealth	6/30/2015	Series D	\$ 200	Allscripts	Los Angeles
Adaptive Biotechnologies	5/6/2015	Series F	\$ 195	Tiger Global Management, Alexandria Real Estate Equities, Casdin Capital, Rock Springs Capital Management, Viking Global Investors, Senator Investment Group	Seattle
Pinterest	5/11/2015	Series G	\$ 186	Fidelity Investments, Valiant Capital Partners, SV Angel, Bessemer Venture Partners, FirstMark Capital, Andreessen Horowitz, Wellington Management, Goldman Sachs	Bay Area
Credit Karma	6/23/2015	Series E	\$ 175	Tiger Global Management, Valinor Management, Viking Global Investors	Bay Area
Prosper	4/8/2015	Series F	\$ 165	NEXT Investors, JP Morgan Chase & Co, SunTrust Bank, BBVA Ventures, Neuberger Berman, Passport Capital, Breyer Capital	Bay Area
Slack	4/16/2015	Series E	\$ 160	Digital Sky Technologies (DST), Horizons Ventures, Index Ventures, Institutional Venture Partners (IVP), Spark Capital	Bay Area
OneSource Virtual	6/22/2015	Series B	\$ 150	Technology Crossover Ventures, Halyard Capital	Dallas



# Largest US Funding Rounds in Q2 2015 (continued)

Company	Funding Date	Series	Funding Amount (USD Million)	Investors	Region
Lyft	5/15/2015	Series E	\$ 150	Carl Icahn	Bay Area
Oscar	4/20/2015	Series B	\$ 145	Founders Fund, Horizon Ventures, Wellington Management, Goldman Sachs	New York
Blue Apron	6/9/2015	Series D	\$ 135	Fidelity Investments	New York
Purch	6/3/2015	Series C	\$ 135	Canso Investment Counsel	New York
Mulesoft	5/19/2015	Series G	\$ 128	ServiceNow, Salesforce Ventures, Adage Capital Management, Brookside Capital, Sands Capital Ventures, Cisco Investments, New Enterprise Associates, Lightspeed Venture Partners, Meritech Capital Partners, Bay Partners, Hummer Winblad Venture Partners, Morgenthaler Ventures, Sapphire Ventures	Bay Area
RetailNext	4/15/2015	Series E	\$ 125	Activant Capital, August Capital, StarVest Partners, Nokia Growth Partners, Qualcomm Ventures, Amex Ventures, Pereg Ventures, Siguler Guff & Company	Bay Area
MarkLogic	5/12/2015	Series F	\$ 102	Wellington Management, Northgate Capital, Tenaya Capital, Arrowpoint Partners, Sequoia Capital, Gary Bloom	Bay Area
Twilio	5/4/2015	Series E	\$ 100	Undisclosed	Bay Area
Warby Parker	4/30/2015	Series D	\$ 100	T. Rowe Price, Wellington Management, Tiger Global Management, General Catalyst Partners	New York
Banjo	5/7/2015	Series C	\$ 100	SoftBank Capital, BlueRun Ventures	Bay Area
Illumio	4/14/2015	Series C	\$ 100	Accel Partners, BlackRock, Andreessen Horowitz, Formation 8, General Catalyst Partners, John Thompson, Marc Benioff, Jerry Yang	Bay Area
Docker	4/14/2015	Series D	\$ 95	Insight Venture Partners, Coatue Management, Goldman Sachs, Northern Trust Corporation, AME Cloud Ventures, Benchmark, Greycroft Partners, Sequoia Capital, Trinity Ventures	Bay Area
Virgin Pulse	5/27/2015	Series A	\$ 92	Insight Venture Partners, Virgin Group	Boston
Munchery	5/22/2015	Series C	\$ 85	Greycroft Partners, e.ventures, Mousse Partners, 137 Ventures, Northgate Capital, Sherpa Ventures, Menlo Ventures	Bay Area
Coupa Software	6/1/2015	Series G	\$ 80	T. Rowe Price, Iconiq Capital, PremjiInvest	Bay Area
Postmates	6/25/2015	Series D	\$ 80	Tiger Global Management, Slow Ventures	Bay Area



# Notable Acquisitions in Q2 2015

Company Name	Acquirer	Closed Date	Acquisition Price (USD Billion)	Past Investors	Total Private Funding (USD Billion)
AOL	Verizon	6/23/2015	\$ 4.400	Kleiner Perkins Caufield & Byers, Batterson Venture Capital, Western Technology Investment, Google	\$ 1.000
Auspex Pharmaceuticals	Teva Pharmaceutical Industries	5/5/2015	\$ 3.500	Panorama Capital, CMEA Capital, Thomas, Mc Nerney & Partners, Sloan Biotech Funds	\$ 0.063
EnvisionRxOptions	Rite Aid	6/24/2015	\$ 2.000	TPG Capital	\$ 0.141
Freecharge	Snapdeal	4/8/2015	\$ 0.400	Sequoia Capital, Valiant Capital Partners, Sofina, Tybourne Capital, RuNet, ru-Net Holdings	\$ 0.117
Lumenis	XIO Group	6/18/2015	\$ 0.510	Viola Group, XT Investments, Viola Partners	\$ 0.360
Lynda	LinkedIn	4/9/2015	\$ 1.500	Accel Partners, Meritech Capital Partners, Spectrum Equity, South Swell Ventures, Spectrum Equity Investors, TPG Capital	\$ 0.289
OpenDNS	Cisco	6/30/2015	\$ 0.635	DAG Ventures, Sequoia Capital, Greylock Partners, Minor Ventures, Mohr Davidow Ventures, Glynn Capital Management, Sutter Hill Ventures, Northgate Capital, Lumia Capital, Cisco, Evolution Equity Partners	\$ 0.051
Re/code	Vox Media	5/26/2015	Undisclosed		Undisclosed
Refresh.io	LinkedIn	4/2/2015	Undisclosed	Semil Shah, Haystack Fund, Redpoint Ventures, Foundation Capital, Haystack, Charles River Ventures (CRV)	\$ 0.010
Wahanda	Recruit Holdings	5/6/2015	\$ 0.171	Recruit Holdings, Ambient Sound Investments, Brent Hoberman, Stefan Glaenger, Tony Cohen, Wolf Hengst, Fidelity Growth Partners Europe, Recruit Strategic Partners, Lepe Partners	\$ 0.145

# Notable IPOs in Q2 2015

Company Name	IPO Date	Stock Exchange	Stock Ticker Symbol	Amount Raised	Shares Offered	Price Per Share at IPO	Market Capitalization at IPO	Past Investors	Total Private Funding
Adaptimmune Therapeutics	5/6/2015	NASDAQ	ADAP	\$ 191,250,000	11,250,000	\$ 17.00	\$ 1,203,350,389	Biomedical Catalyst Fund, New Enterprise Associates, QVT Financial, OrbiMed Advisors, Fidelity Biosciences, Novo A/S, Merlin Nexus, venBio, Foresite Capital, Rock Springs Capital Management, Wellington Management, University of Oxford, Ridgeback Capital	\$ 107,500,000
Arcadia Biosciences	5/15/2015	NASDAQ	RKDA	\$ 65,600,000	8,200,000	\$ 8.00	\$ 345,402,480	CMEA Capital, Saints Capital, BASF Venture Capital, Mandala Capital	\$ 101,000,000
Biotie Therapies	6/11/2015	NASDAQ	BITI	\$ 56,007,514	3,761,418	\$ 14.89	\$ 181,896,538	DFJ Esprit, Investor Growth Capital, Abingworth	\$ 145,750,000
Carbylan Therapeutics	4/9/2015	NASDAQ	CBYL	\$ 65,000,000	13,000,000	\$ 5.00	\$ 121,234,815	InterWest Partners, Alta Partners, Vivo Ventures	\$ 34,999,999
EndoChoice	6/4/2015	NYSE	GI	\$ 95,250,000	6,350,000	\$ 15.00	\$ 367,661,805	Sequoia Capital, Ally Bridge Group, Rock Springs Capital Management, Deerfield Management Company, River Cities Capital Funds, Accelmed	\$ 115,489,918
Etsy	4/16/2015	NASDAQ	ETSY	\$ 266,666,656	16,666,666	\$ 16.00	\$ 1,775,400,240	Accel Partners, Union Square Ventures, Albert Wenger, Stewart Butterfield, Caterina Fake, Manatt Venture Fund, Spencer Ain, Acton Capital Partners, Hubert Burda Media, Index Ventures, Glynn Capital Management, Judson Ain, Sean Meenan, Joshua Schachter	\$ 97,257,127
Fitbit	6/18/2015	NYSE	FIT	\$ 731,500,000	36,575,000	\$ 20.00	\$ 4,114,438,600	SoftTech VC, Foundry Group, Felicis Ventures, True Ventures, SoftBank Capital, Sapphire Ventures, Qualcomm Ventures	\$ 66,000,000
Invuity	6/16/2015	NASDAQ	IVTY	\$ 48,000,000	4,000,000	\$ 12.00	\$ 152,413,104	InterWest Partners, HealthCare Royalty Partners, Valence Life Sciences, Kleiner Perkins Caufield & Byers, Wexford Capital, Wellington Management	\$ 96,200,000
OpGen	5/5/2015	NASDAQ	OPGN	\$ 17,100,000	2,850,000	\$ 6.00	\$ 64,310,082	In-Q-Tel, Highland Capital Partners, Versant Ventures, CHL Medical Partners, jVen Capital, Mason Wells Biomedical Fund, Harris & Harris Group, Cross Creek Advisors	\$ 74,282,745
Shopify	5/19/2015	NYSE	SHOP	\$ 130,900,000	7,700,000	\$ 17.00	\$ 1,134,536,089	Insight Venture Partners, Felicis Ventures, Bessemer Venture Partners, FirstMark Capital, OMERS Ventures, Georgian Partners	\$ 122,000,000

# Venture Capital Funding Trends

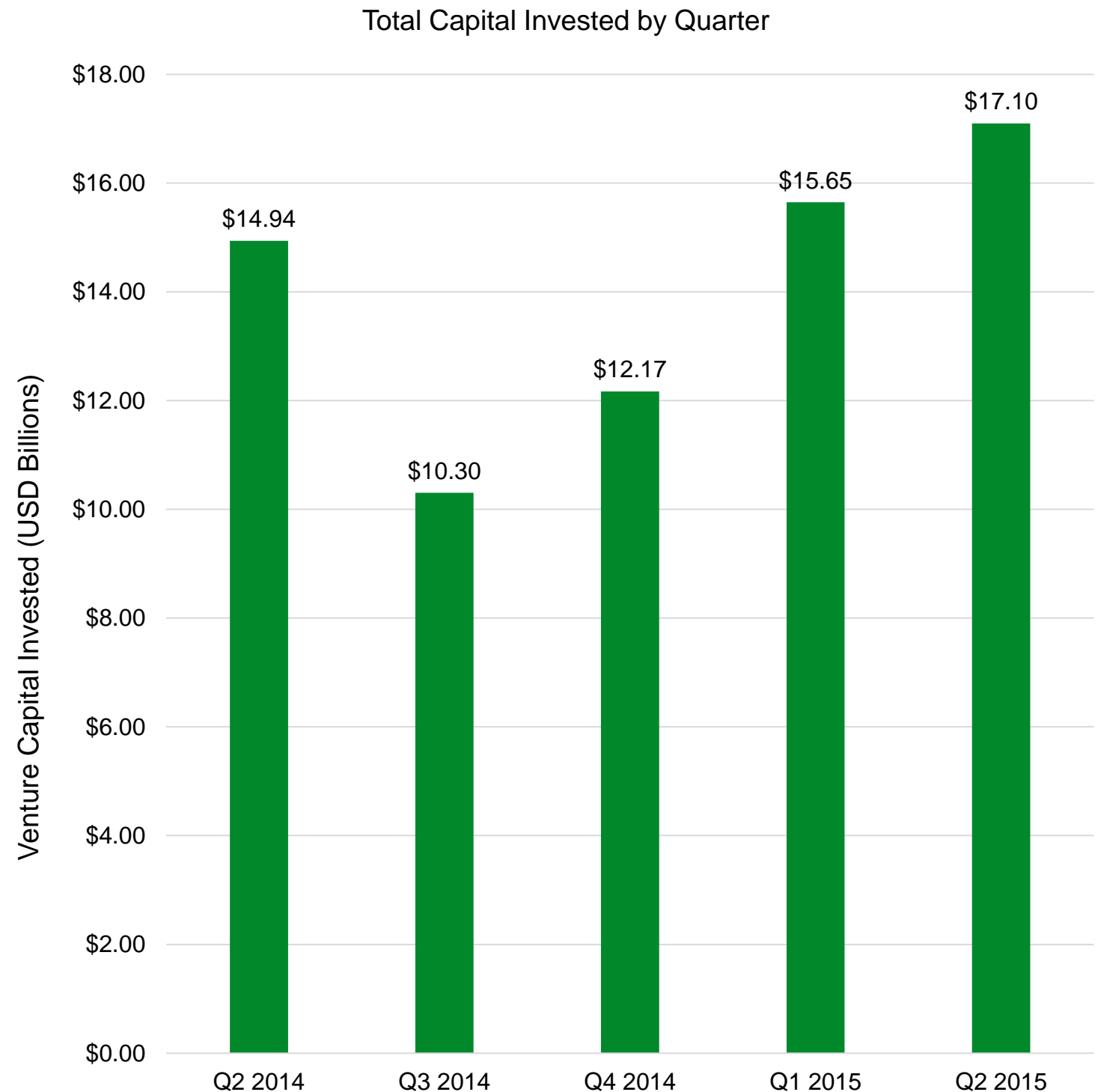
Has investment strategy changed in Q2 2015?



# Venture Capital Invested in the Past Year

After taking a slight dip in Q3 2014, total capital invested has shown a strong upward trend with an increase of 15% over the past year.

Q2 2015 venture capital deployed is up 9% from last quarter. If this upward trend continues into Q3 2015, we expect the US startup ecosystem to bring in well over 18 billion in venture dollars.

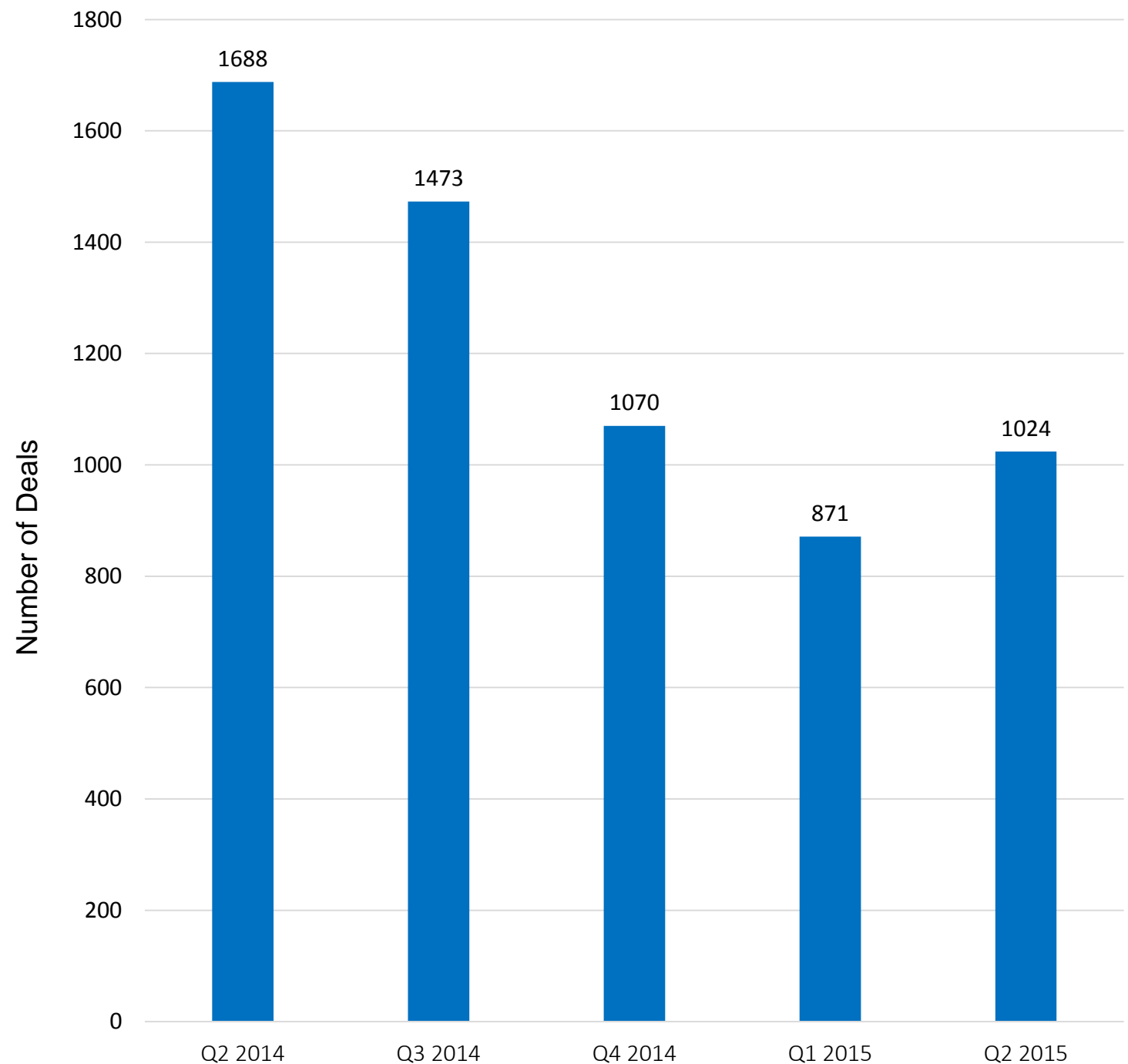


# Deal Volume in the Past Year

Deal volume has decreased by 39 % in the past year. It appears that this trend may not be sustained since there was a 18% increase in number of venture deals from Q1 to Q2 2015.

Interestingly, there is a negative correlation between deal volume and total venture capital deployed in the past year. This relationship suggests that investors are favoring less frequent, but larger investments. This investment style is further supported by average funding amount trends.

Venture Capital Deal Volume Trends

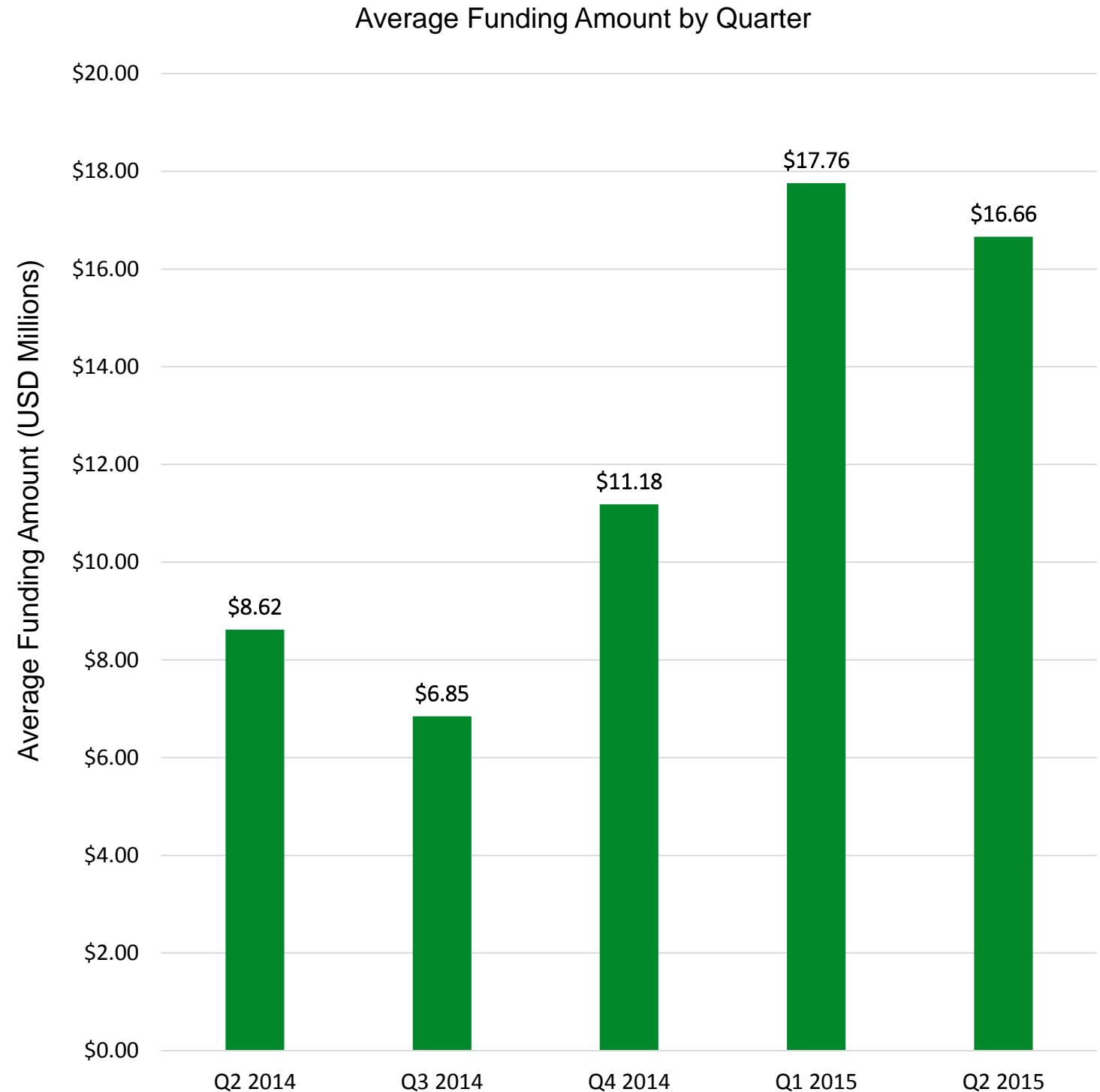




# Average Deal Size in the Past Year

Average deal size has increased 93% in the past year.

Venture deals from Q1 to Q2 2015 experienced a 6% decline in average deal size.

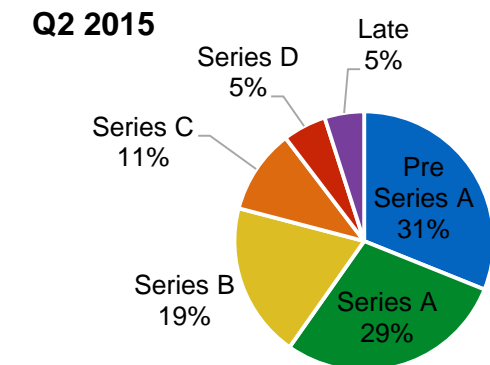
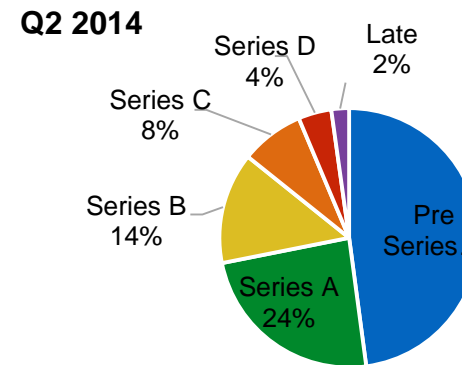


# Deal Volume Change in the Past Year

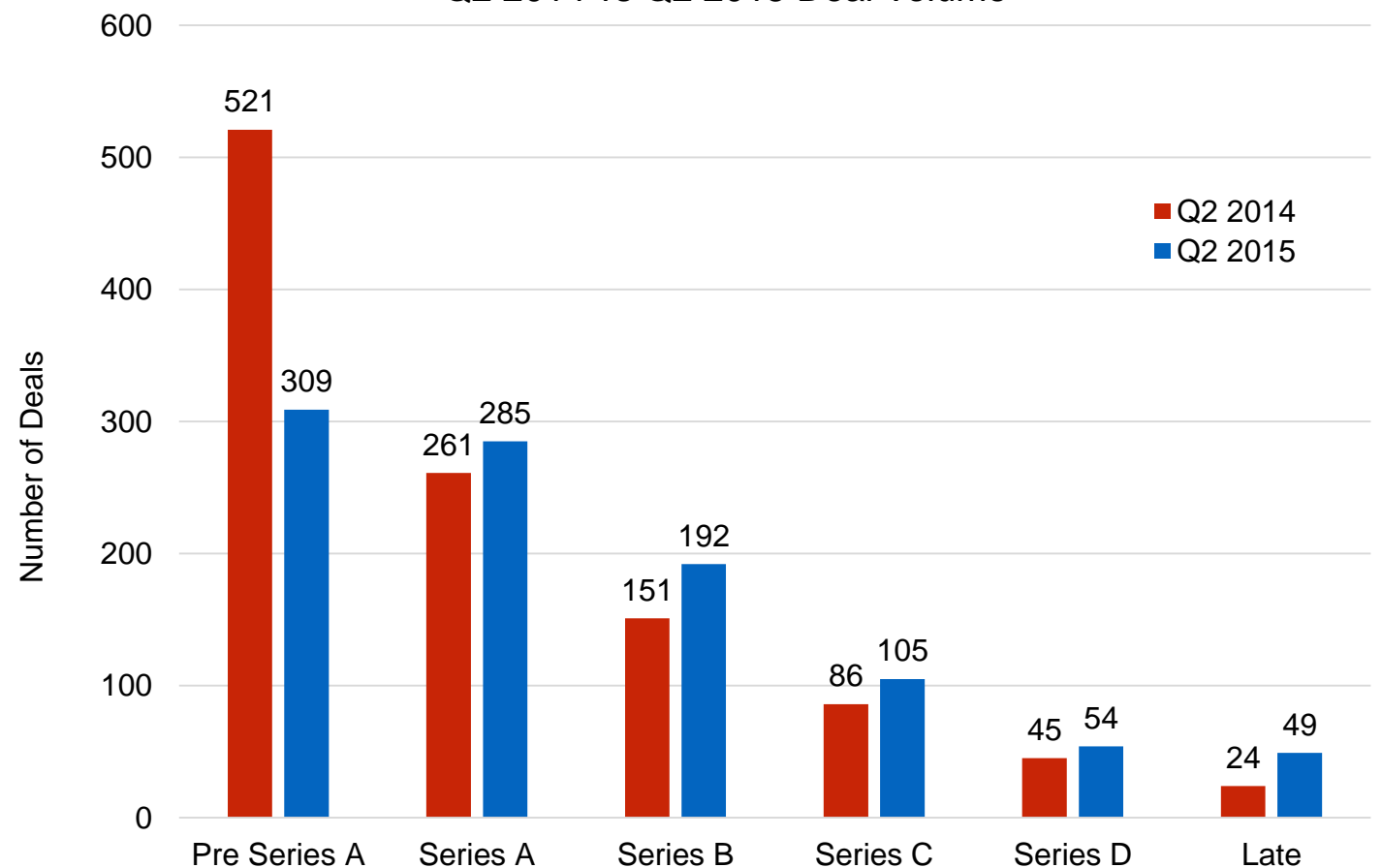
The increase in both average and total venture funding over the past year is due, in part, to changes in distribution of investments at each stage.

Earlier stage investments accounted for 72% of all investments in Q2 2014. In comparison, only 60% of investments in Q2 2015 were Pre Series A or Series A. Pre Series A funding events were 99% more common than any other series deal in Q2 2014. This is a 41% greater deal volume frequency than Pre Series A deals observed in Q2 2015.

Interestingly, all series later than Pre Series A occurred more frequently in Q2 2015 vs Q2 2014. Q2 2015 Series B and later round investments were 12% more common than last years investments at these stages.

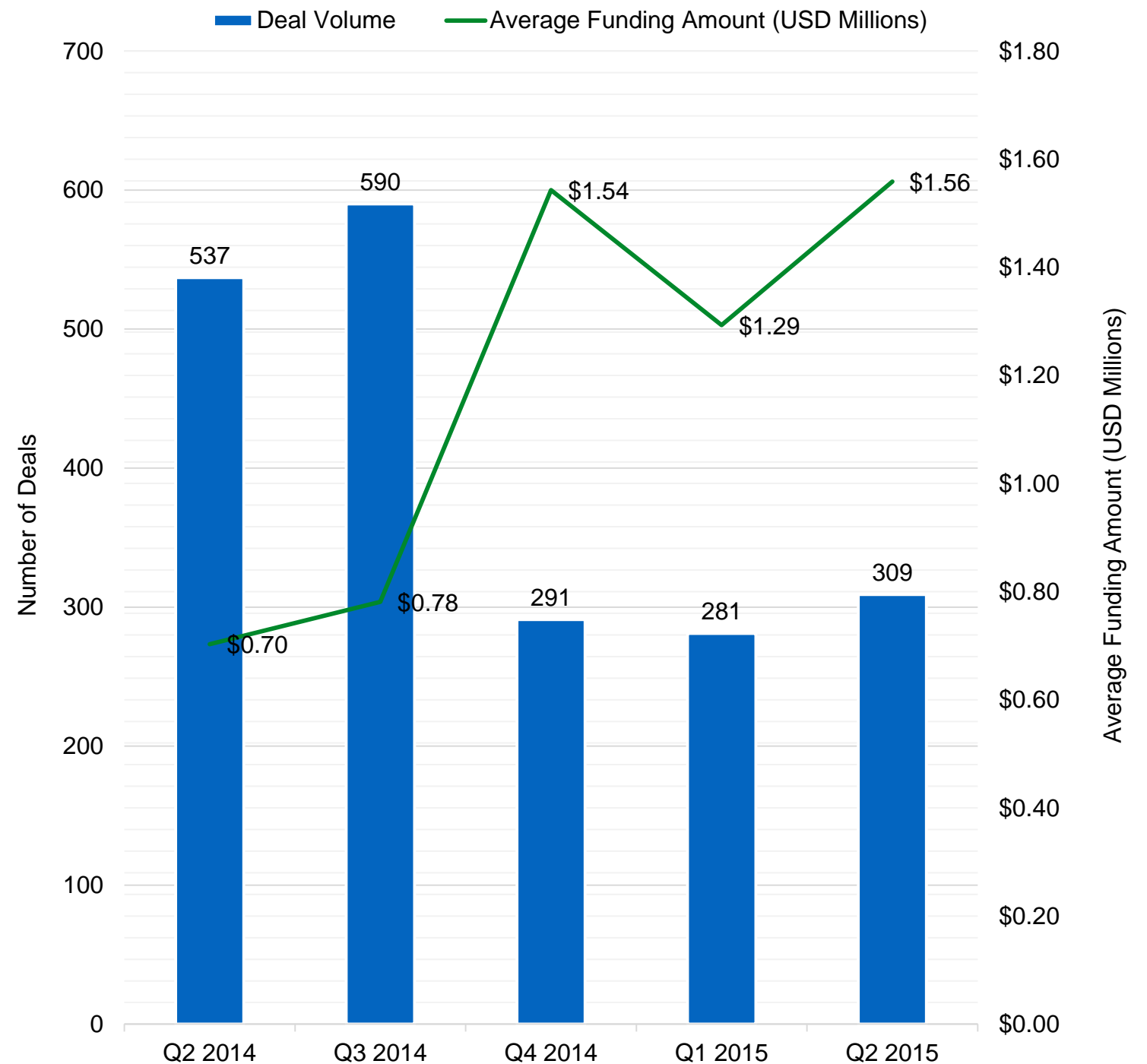


Q2 2014 vs Q2 2015 Deal Volume



# Pre Series A Deal Volume vs. Deal Size Trends

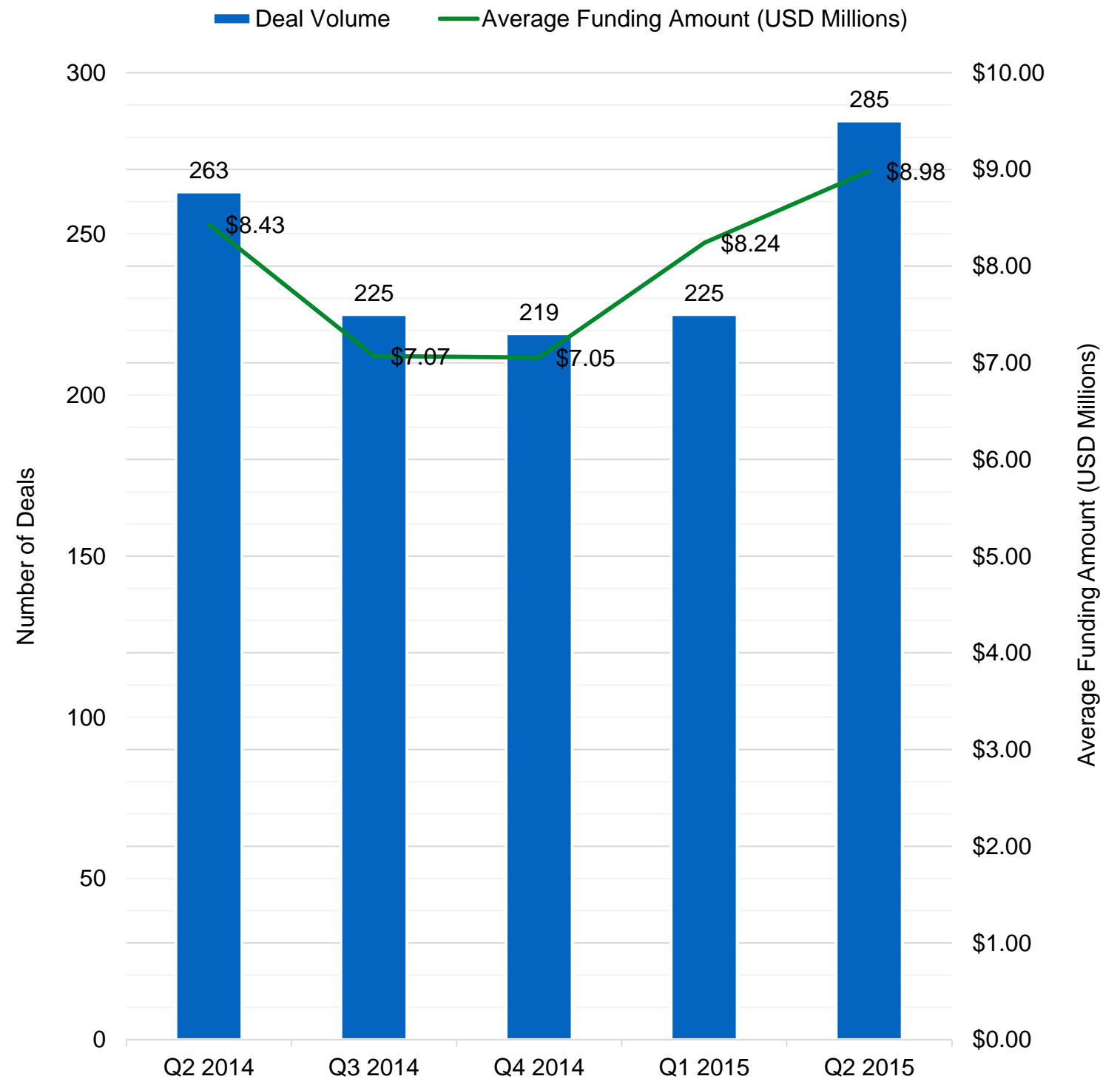
There is a strong negative correlation between Pre Series A average funding amount and deal volume over the past year. As deal volume has decreased average funding amount has increased quarter over quarter. This trend suggests that investors are investing less frequently in favor of larger funding rounds – even for early stage companies.



# Series A Deal Volume vs. Deal Size Trends

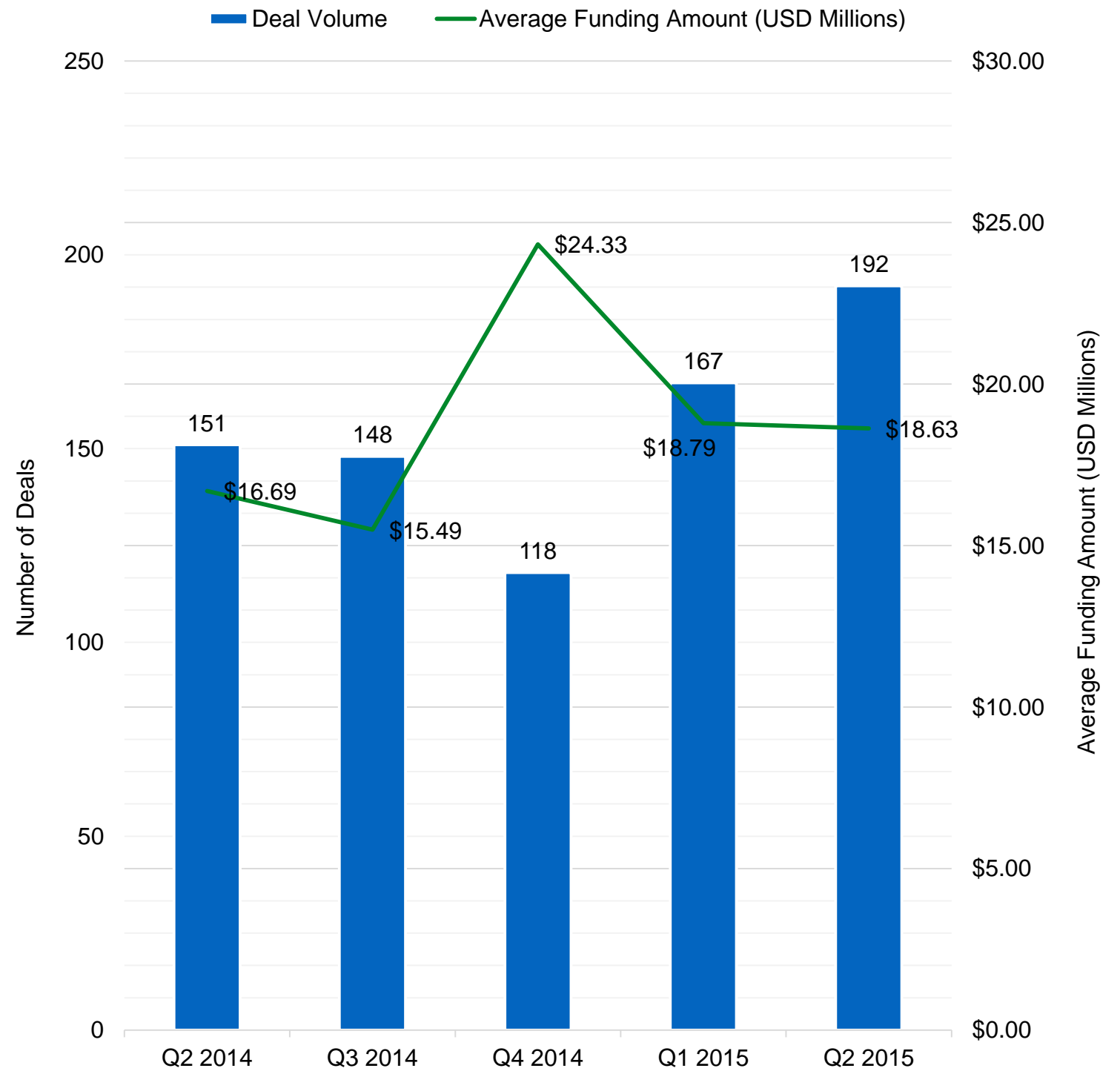
Series A deal size and volume has remained fairly static compared to other funding rounds in the past year. Average investment size for a Series A round was typically between \$7 and \$9 million and wasn't significantly different from quarter to quarter.

Series A deal volume demonstrated an 8% increase over the past year and a 27% increase from Q1 to Q2 2015.



# Series B Deal Volume vs. Deal Size Trends

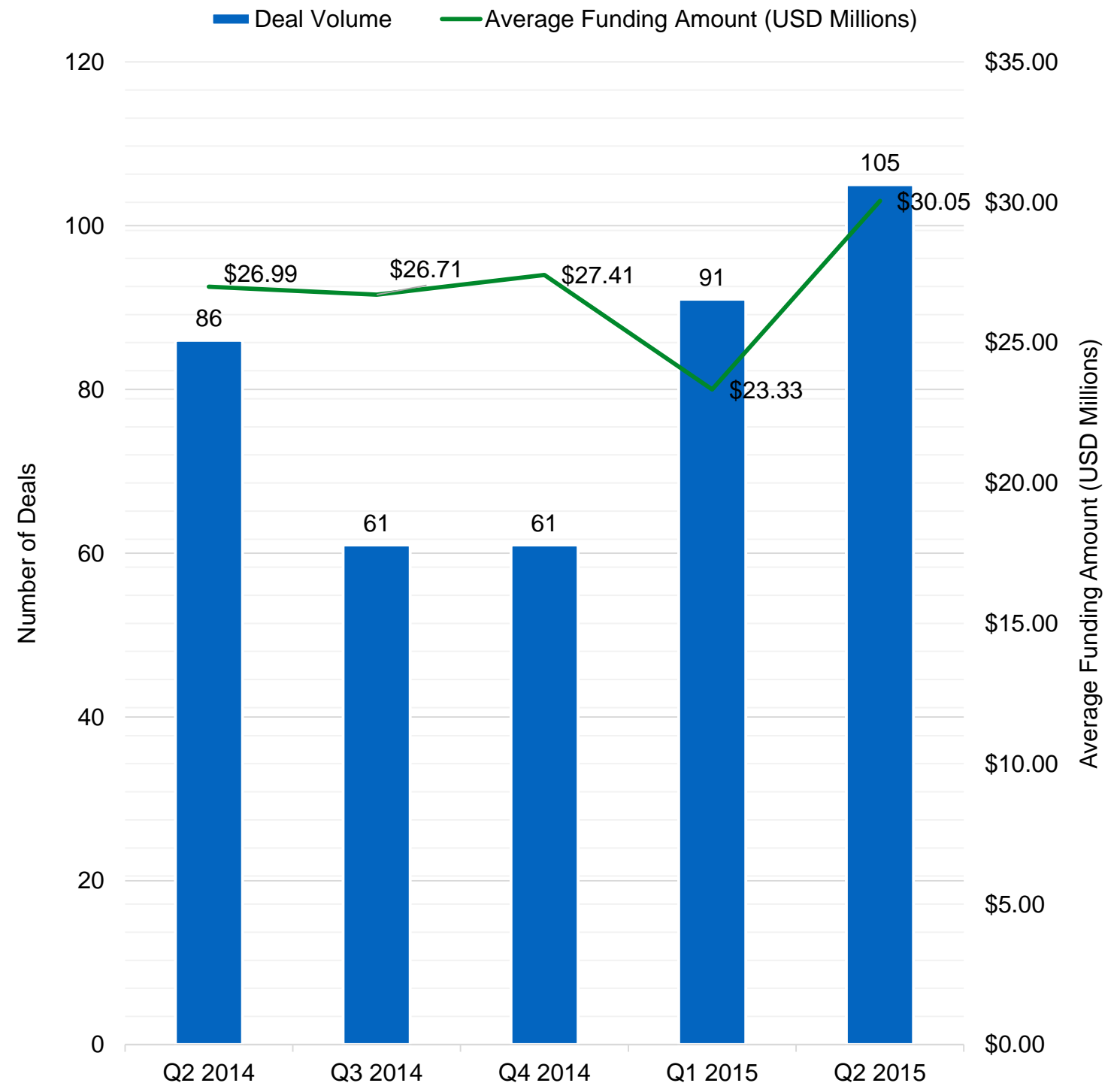
Series B deal volume is up 15.0% this quarter. Despite an upward trend in Series B deal volume over the past year, average funding amount has not returned to last year's high of \$24.33 million in Q4 2014. Average deal size is down 5.0% from last quarter.



# Series C Deal Volume vs. Deal Size Trends

Series C average deal size remained fairly consistent until Q2 2015. Q2 2015 demonstrated a yearly high of \$ 30.05 million in average Series C deal size, an 11% increase since Q2 2014.

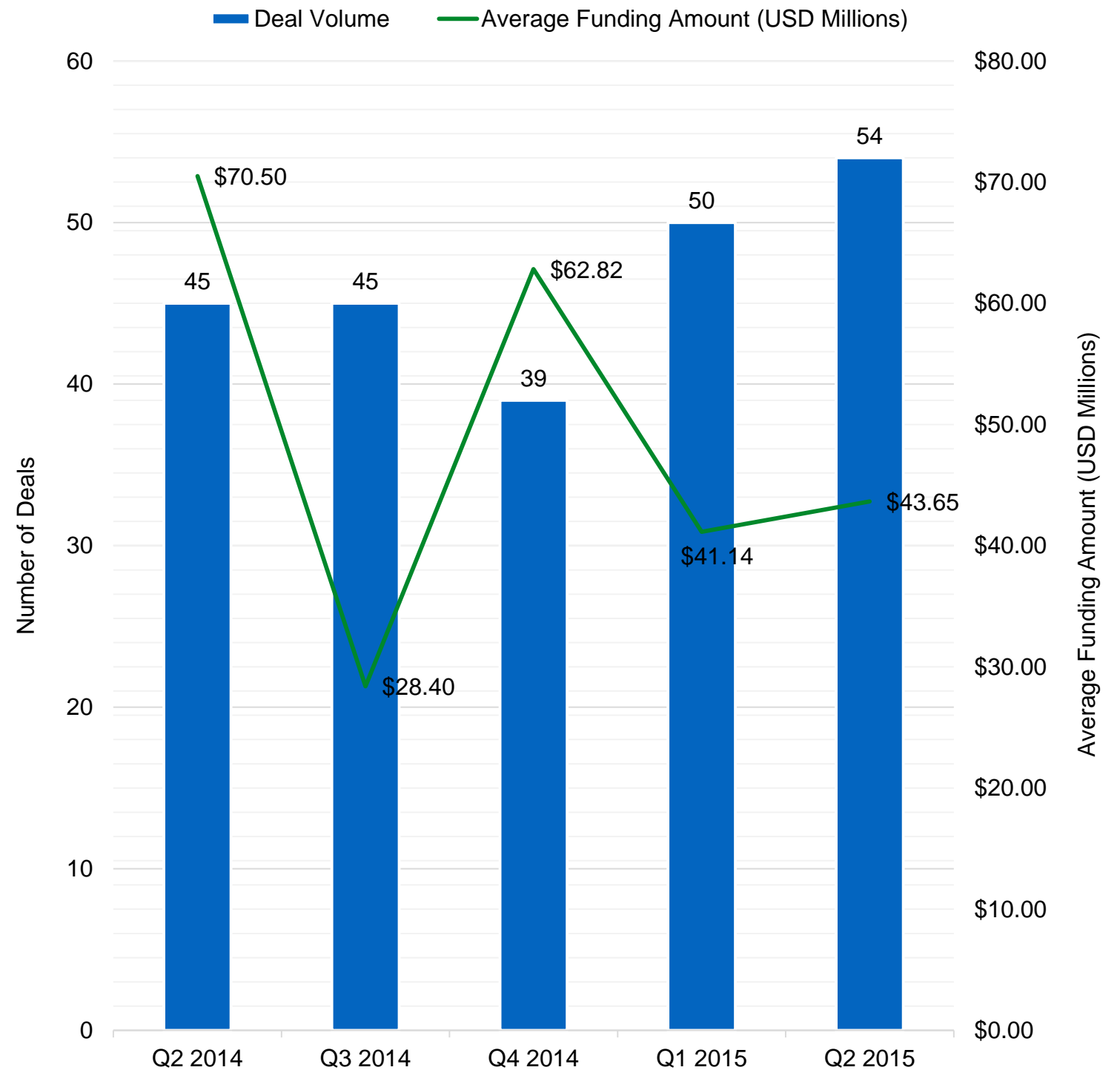
After experiencing consecutive low volume quarters in Q3 and Q4 2014, Series C deals rebounded and are up 15% from Q1 2015. This is a 72% increase in deal volume from the valley demonstrated in Q3 and Q4 2014.



# Series D Deal Volume vs. Deal Size Trends

Series D deal volume experienced a 28% positive spike at the start of 2015. Number of Series D deals continued to climb in Q2 2015 with a 7% increase from Q1 2015, and an overall rise of 20% in the past year.

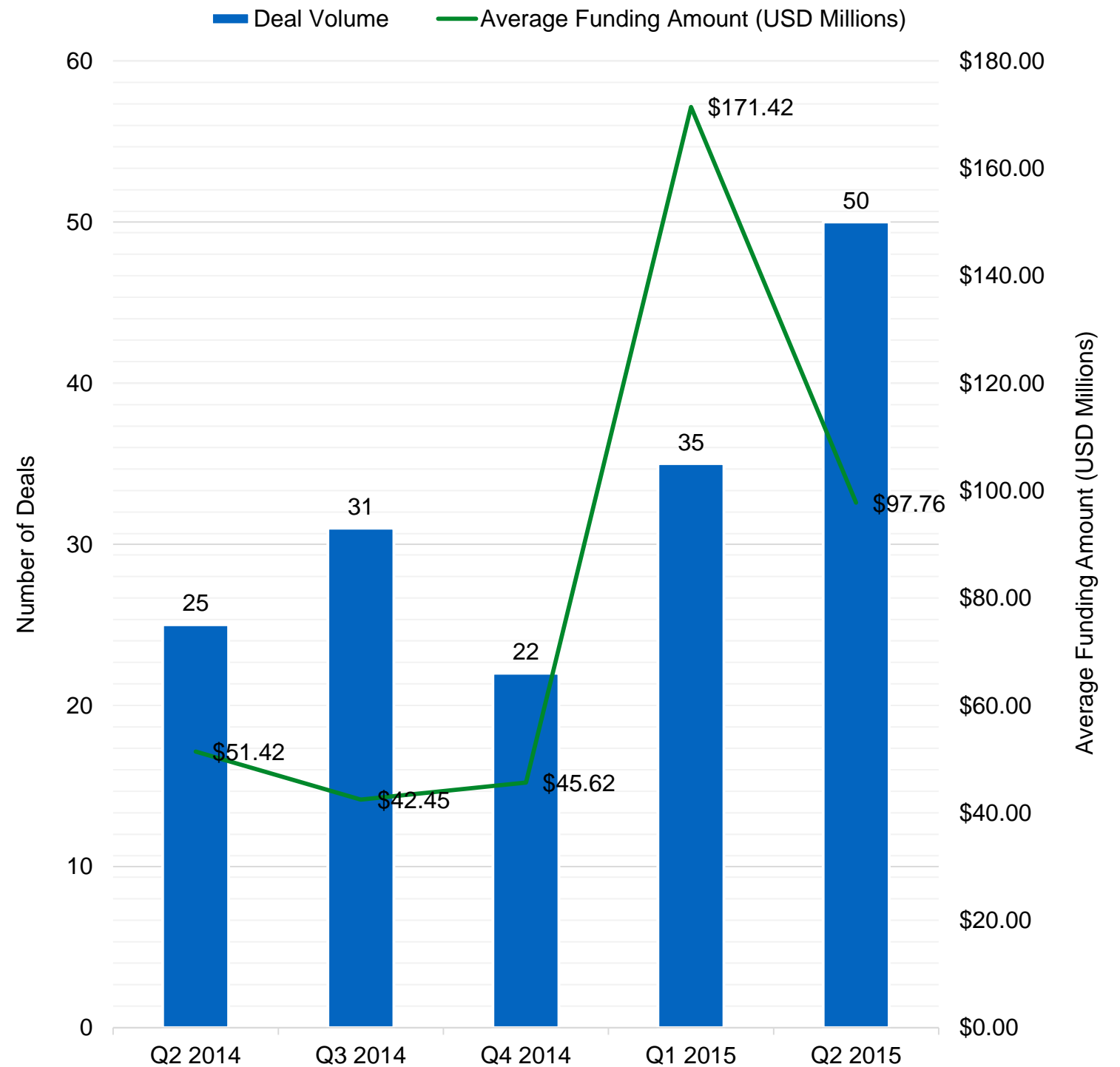
Average deal size for Series D investments has been highly variable over the past year. Although average Series D deal size decreased 38% from Q2 2014 to Q2 2015, average deal size appears to have stabilized in 2015. Q1 and Q2 2015 consistently had average deal sizes around \$40 million.



# Late Stage Deal Volume vs. Deal Size Trends

Number of late stage deals has increased 100% and average deal size increased by 90% over the past year.

Late stage deal volume and average deal size demonstrated a moderate positive correlation over the past year. This trend suggests that investors are more frequently investing more in late stage companies.







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