

Year In Review: 2017 Edition



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Introduction

What We Intend To Do Here

Now that 2017 has come to a close, there is time to reflect on both the last quarter and the year as a whole.

This assessment hopes to help answer a question all investors and other beneficiaries of the financial system reckon with: What kind of year has it been, and what can this tell us about how the next year will play out?

Acknowledgements

This report contains charts and excerpts published by *Crunchbase News*, an editorially-independent publication.

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The Global Report

In 2017, VC Sets Annual Records on Back of Strong Late-Stage Results

To Read The Full Global Report On *Crunchbase News*,
[Click Here.](#)

Money In

Reviewing Venture Investment Into Technology Companies

Annual Key Finding

Despite declines in the last quarter, 2017 closed out ahead of previous years in terms of total venture deal and dollar volume.

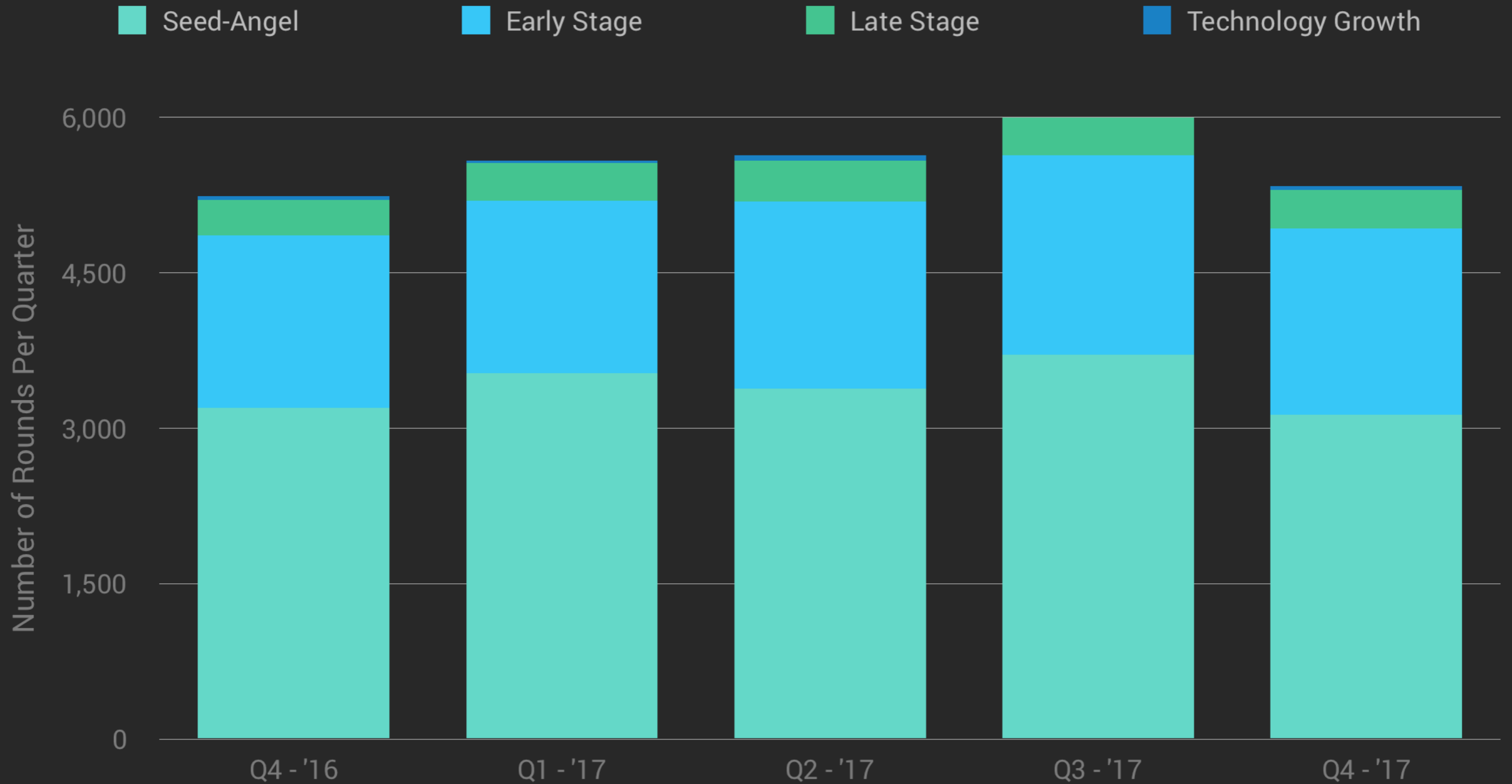
Early-stage deals drove most of the increase in deal volume, while increases in late-stage and technology growth investment can be credited for much of the dollar volume expansion for the year.

General Overview

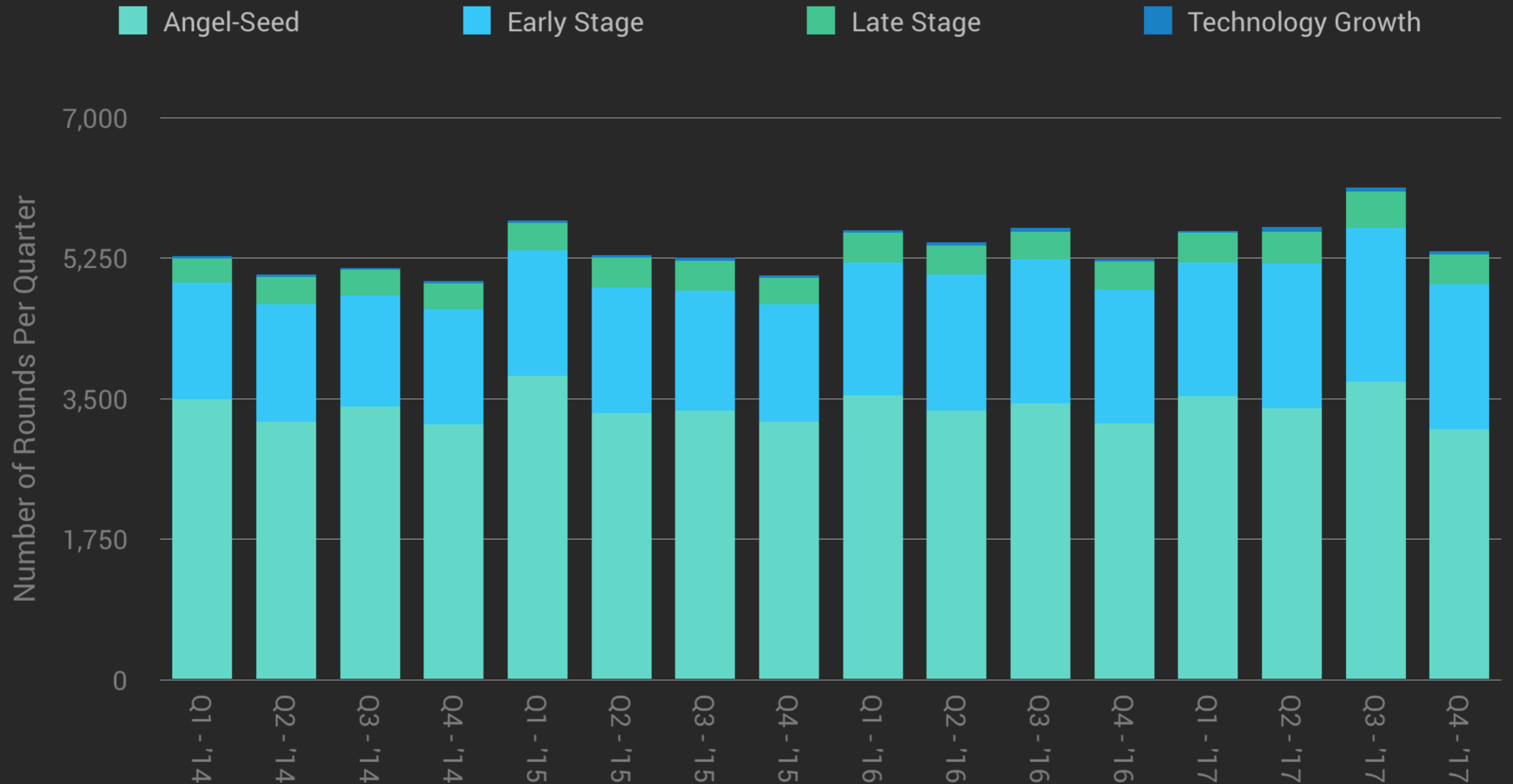
In Q4 2017, venture investors around the world retraced their steps from Q3, which was [the most active quarter](#) – globally speaking – since the collapse of the Dot-Com bubble.

2017 was the most active year for the global venture capital market since the early 2000s.

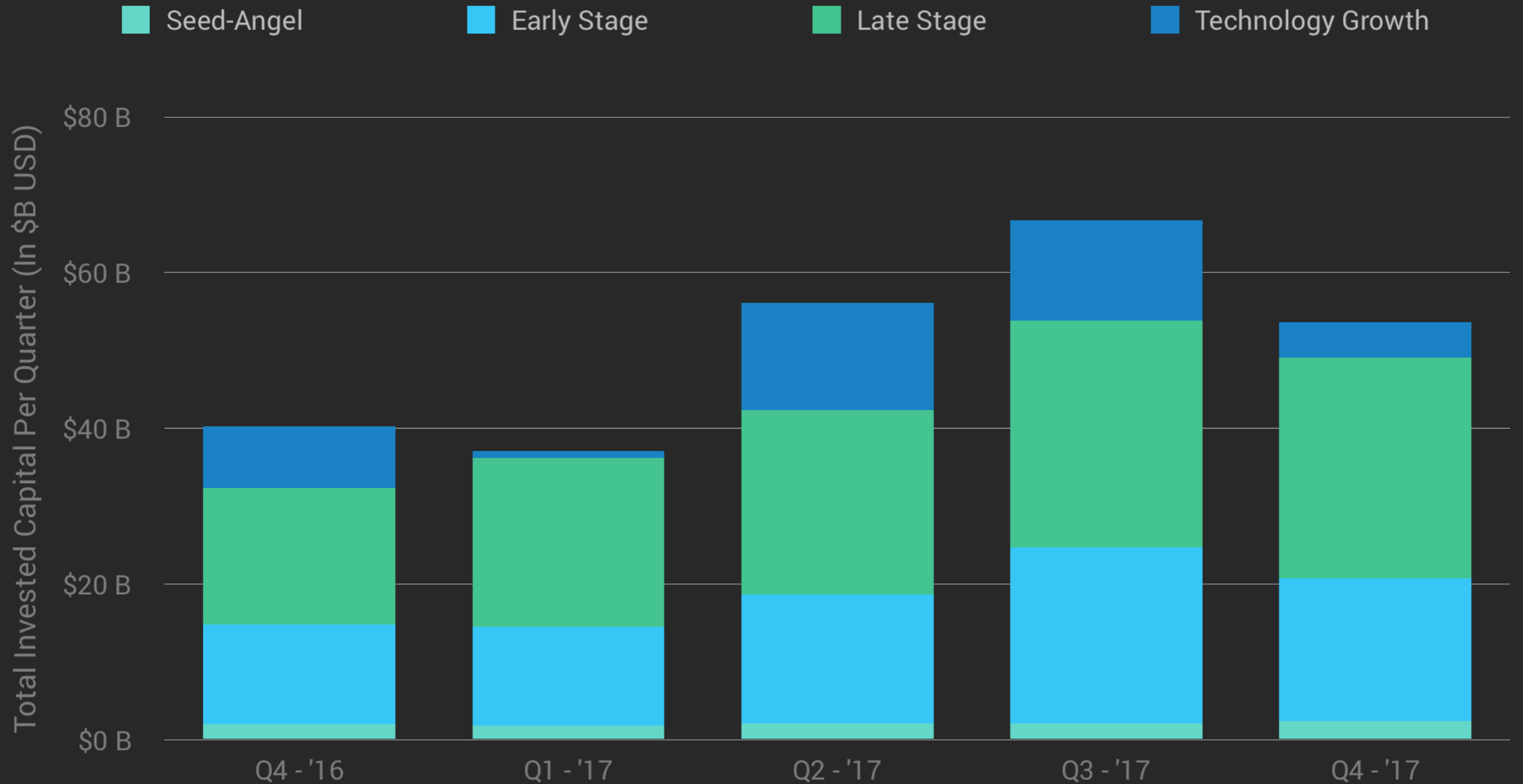
Projected Global Venture Deal Volume



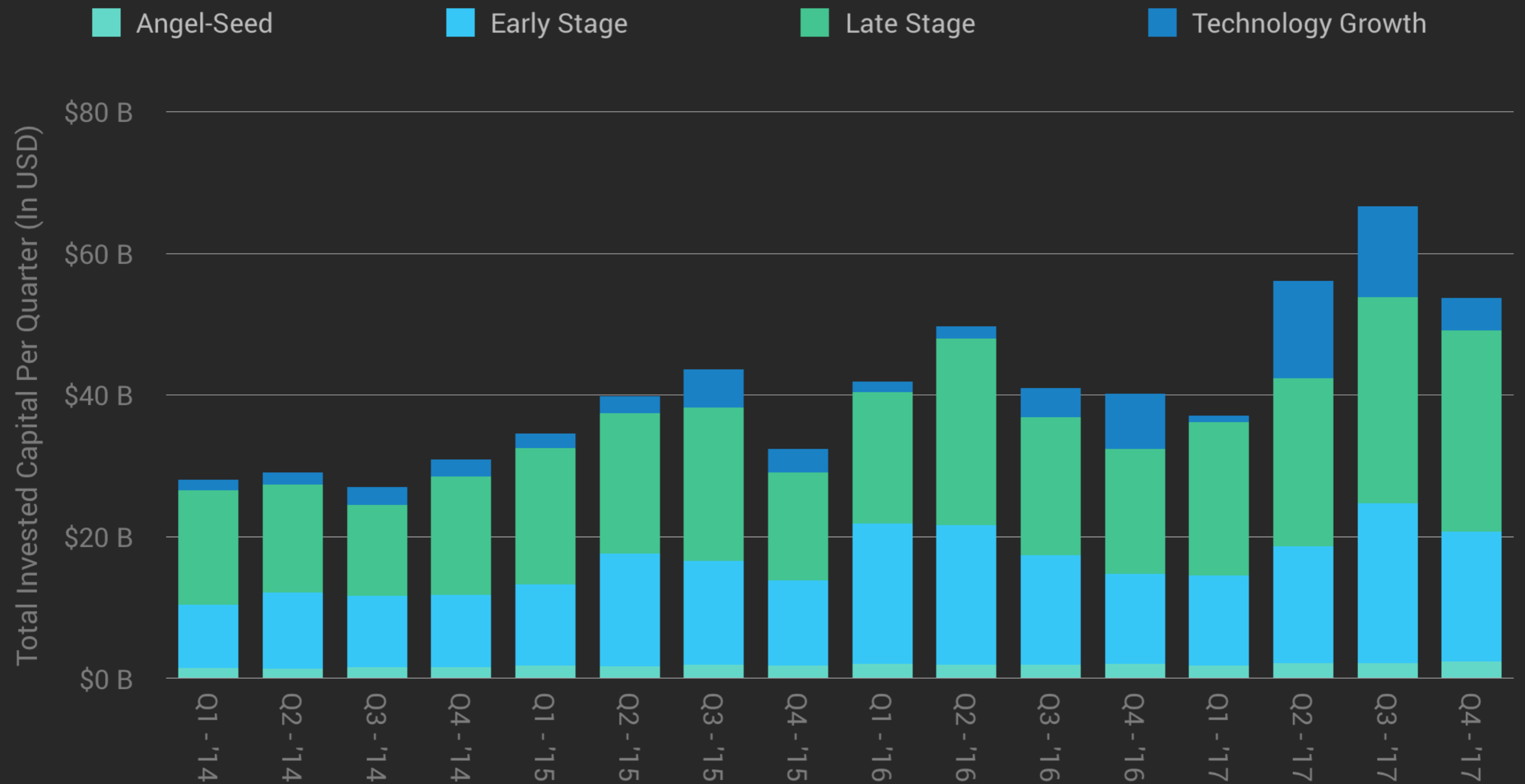
Projected Global Venture Deal Volume Over Time



Projected Global Venture Dollar Volume



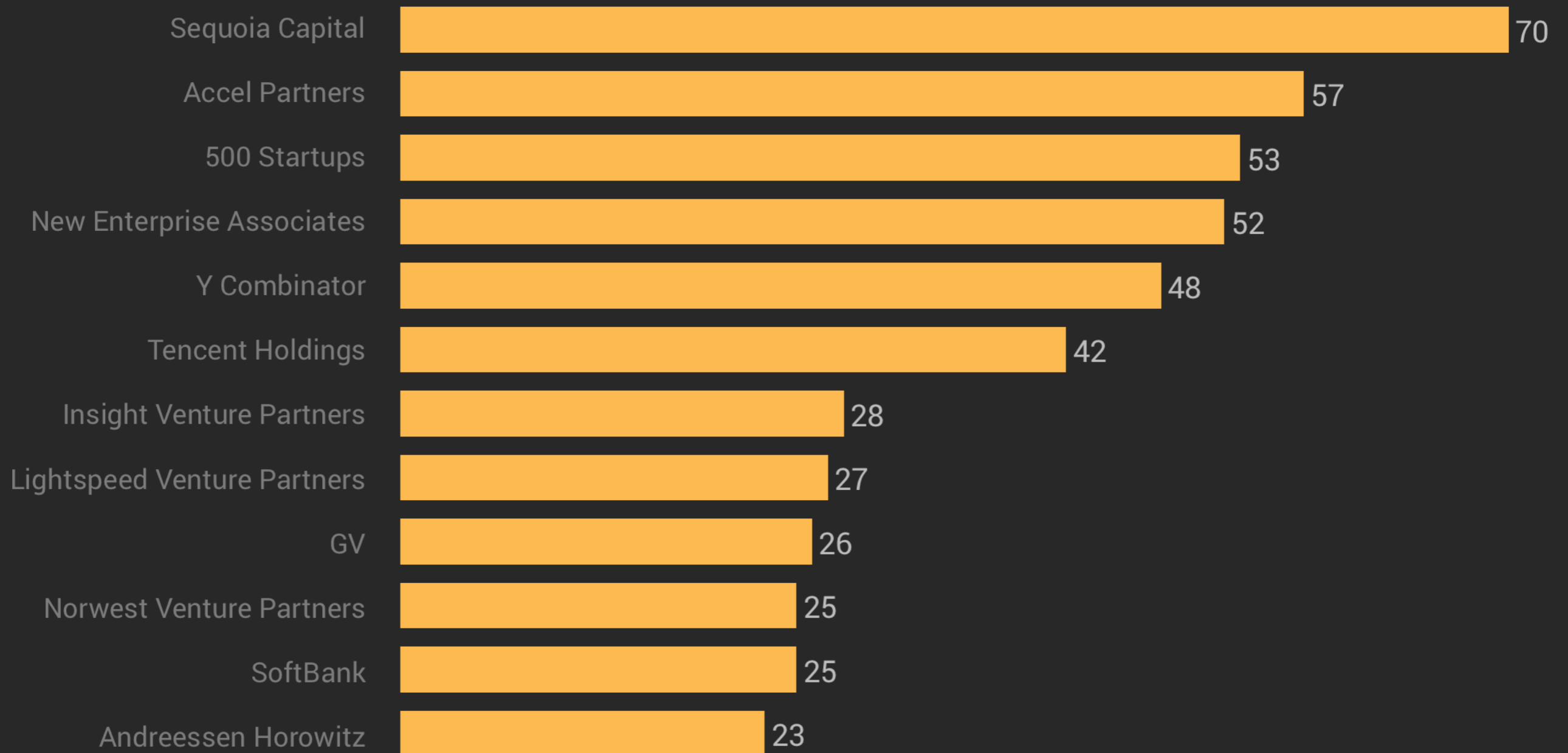
Projected Global Venture Dollar Volume Over Time



Using Crunchbase data for over 15,700 venture capital deals struck throughout 2017, we identified 4,360 investment groups that led at least one funding round.

And on the next slide, you can find some of the most prolific among them, ranked by the number of rounds they led, according to Crunchbase data.

Active Lead Investors In All Of 2017, Globally

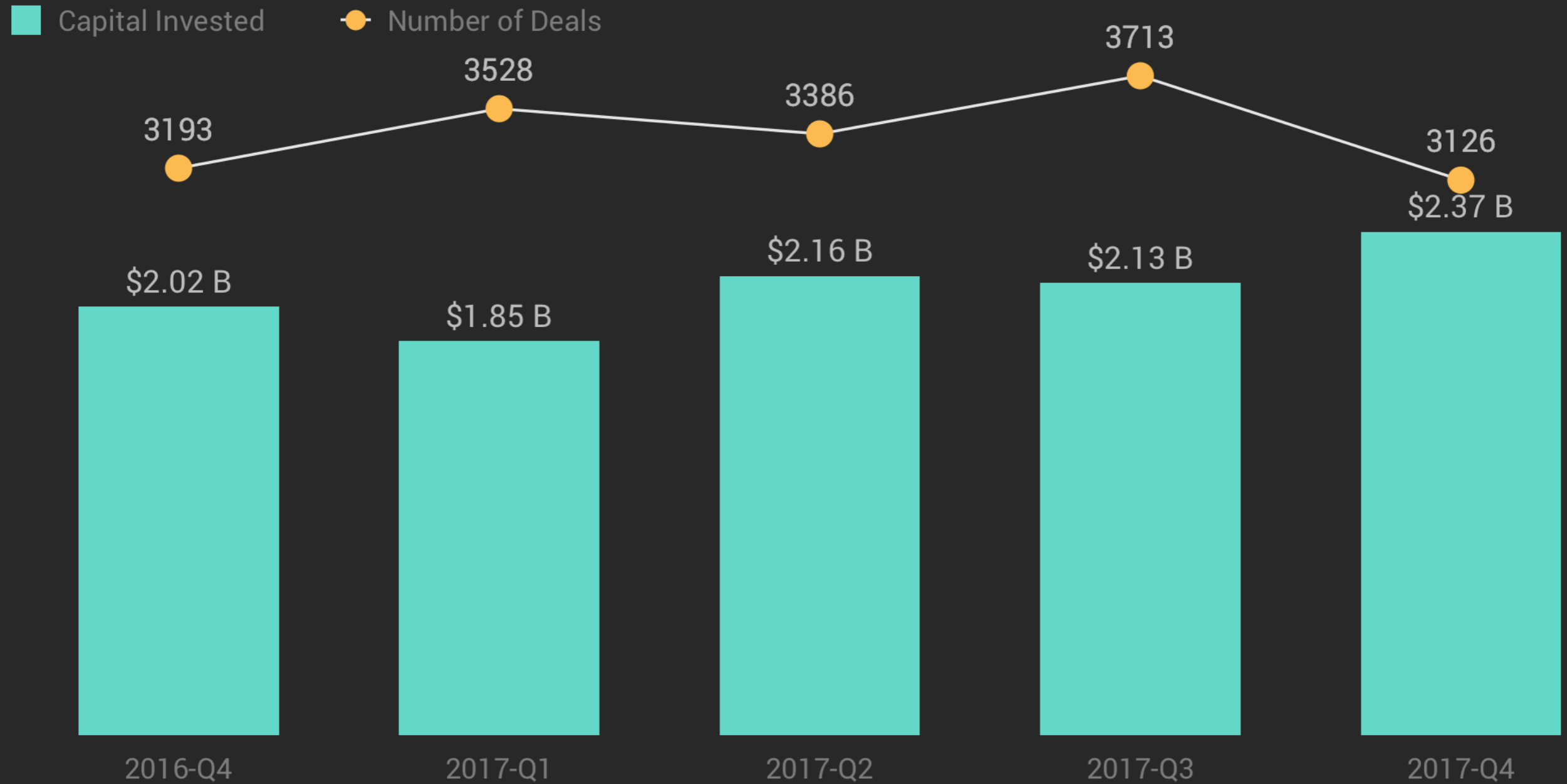


Seed-Angel Stage

This is a small but mighty asset class. Although seed and angel-stage deals accounted for just 4.4 percent of global dollar volume in Q4 2017, they represented 58.5 percent of the total deal volume.

With a projected \$8.5 billion invested in over 13,700 seed and angel-stage deals around the world throughout 2017, both deal and dollar volume are up.

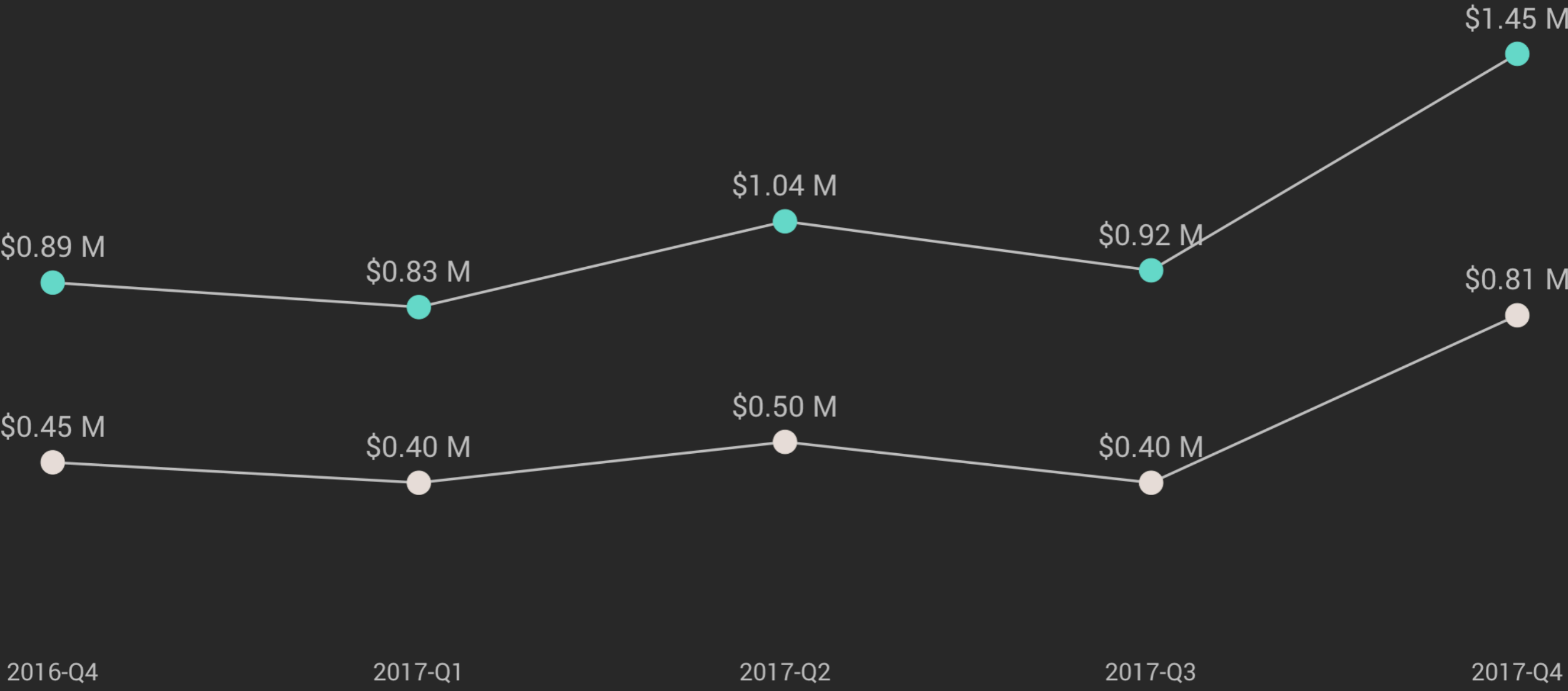
Projected Q4 2017 Seed & Angel Investment, Globally



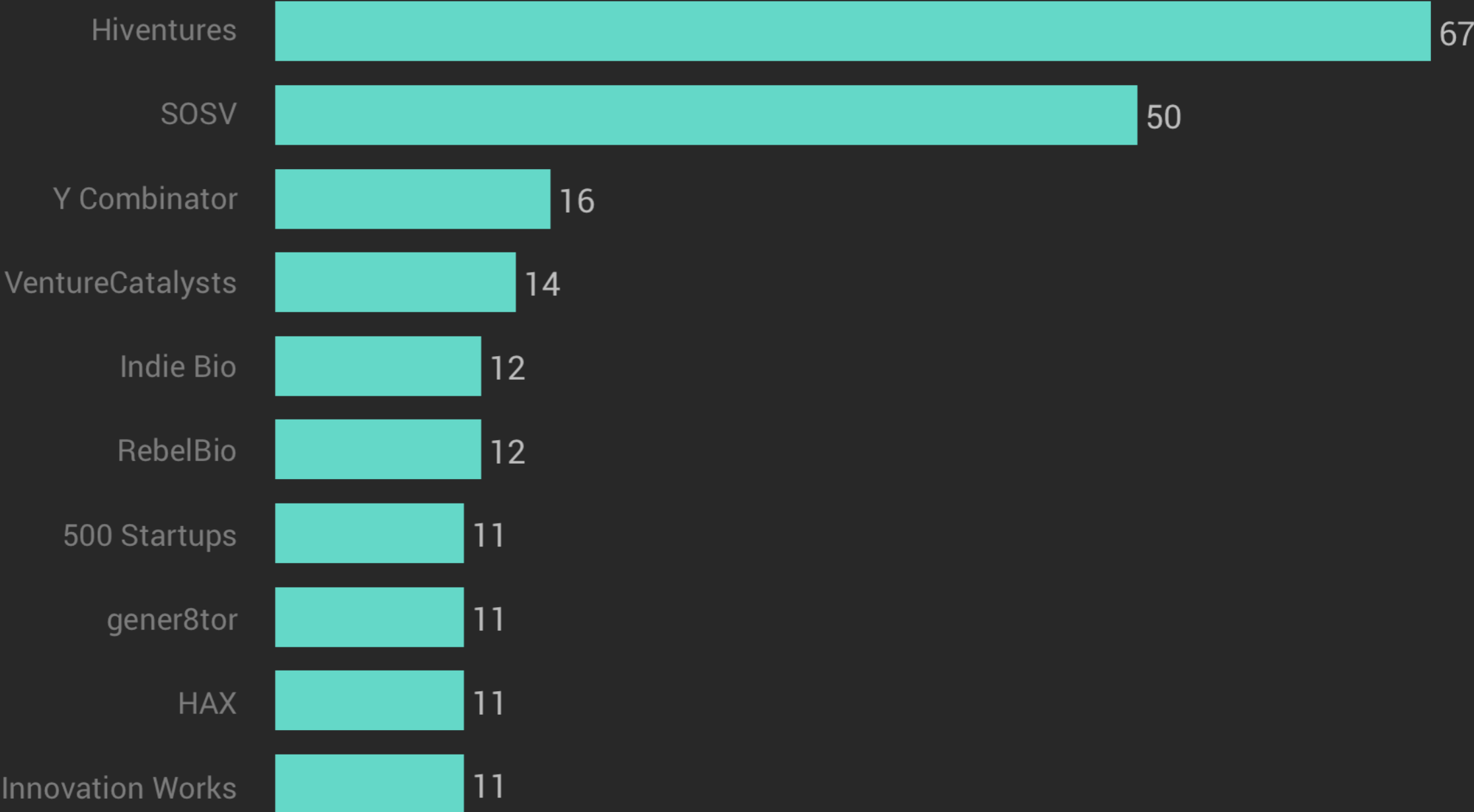
Seed-Angel Round Size In Q4 2017, Globally

Average

Median



Active Seed Investors In Q4 2017, Globally

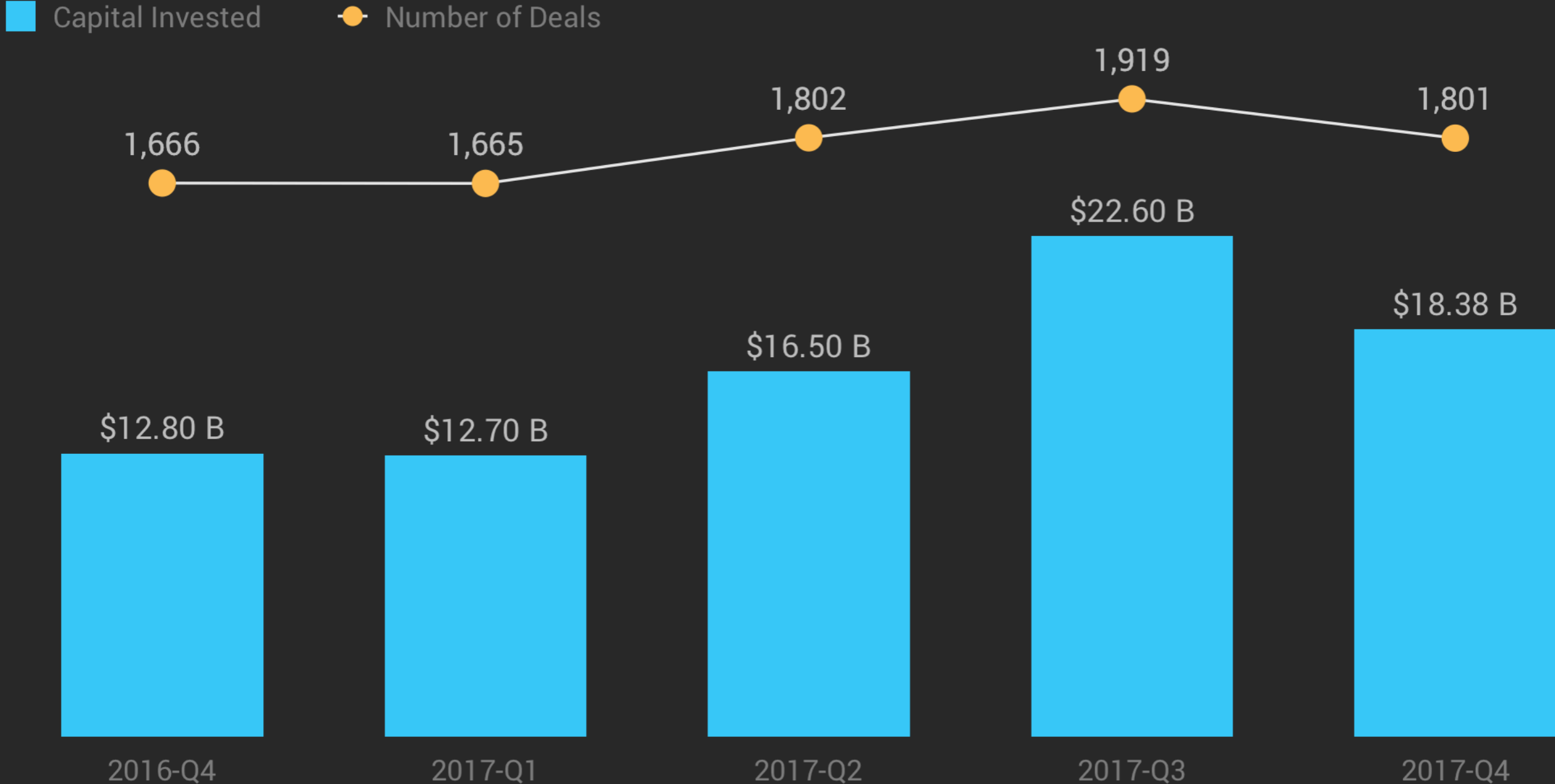


Early Stage

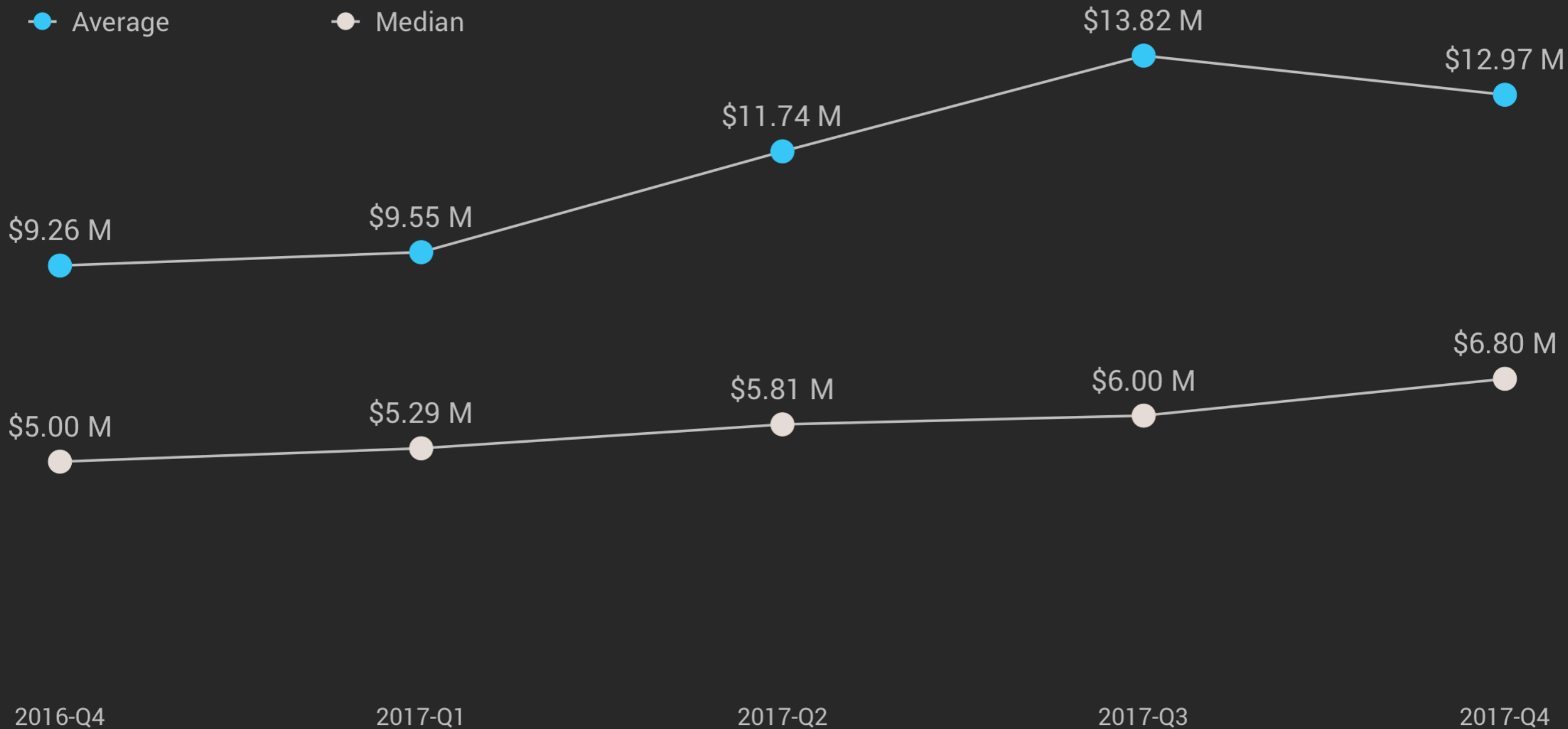
Early-stage – primarily Series A and Series B rounds, with a smattering of others included – is up next. And in what will no doubt become an all-too-familiar pattern throughout the remainder of this report, both deal and dollar volume were down in Q4 despite significant gains earlier in the year.

Zooming out to focus on 2017 as a whole, early-stage venture investment grew. Crunchbase projects that in 2017 a total of \$70.18 billion was invested in just short of 7,200 early-stage deals around the world. Dollar volume was up roughly \$2.32 billion, or 3.4 percent, from 2016. On the deal volume front, Crunchbase projects that there were 382 more early-stage deals in 2017, up 5.6 percent since 2016.

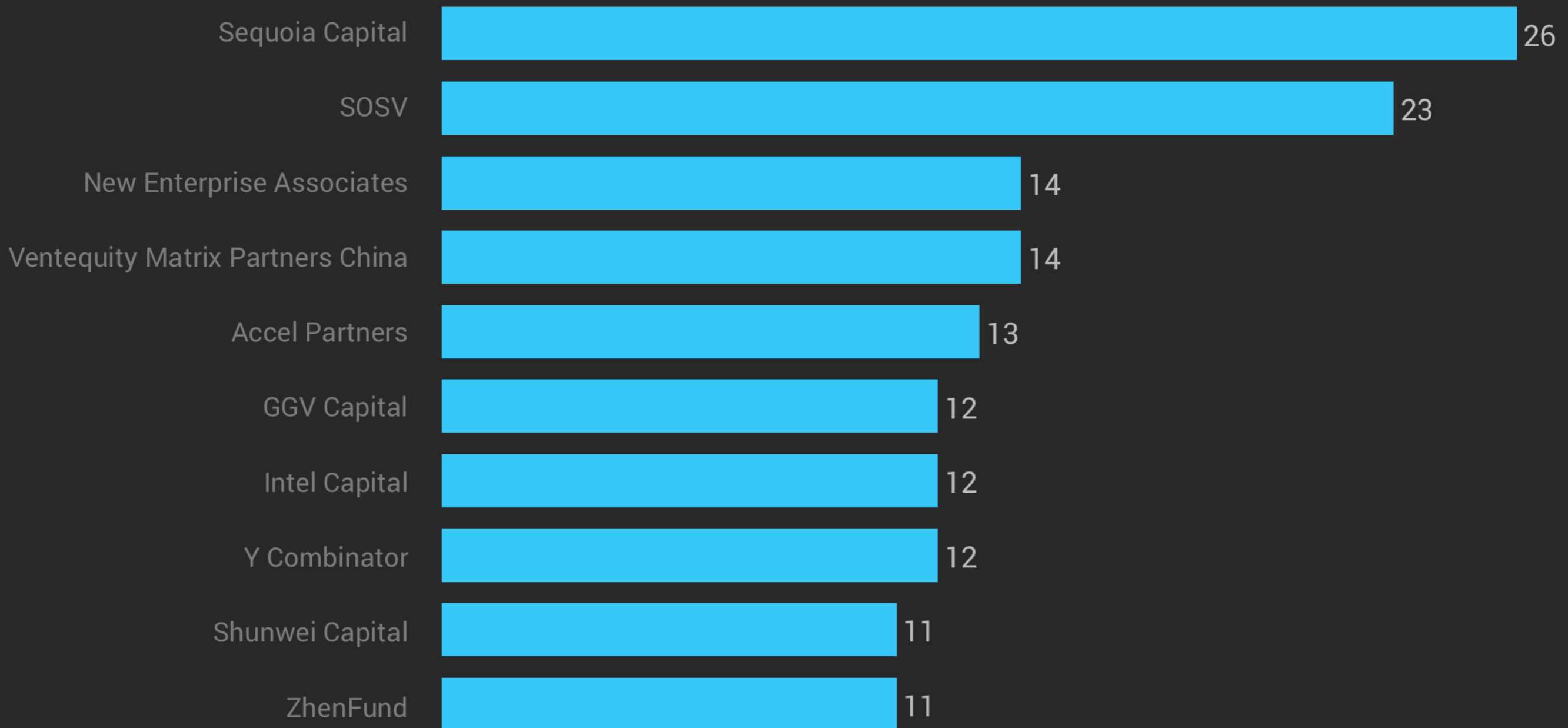
Projected Q4 2017 Early-Stage Investment, Globally



Early-Stage Round Size In Q4 2017, Globally



Active Early-Stage Investors Q4 2017, Globally



Late Stage

Crunchbase projects that a total of about \$102.81 billion was invested in late-stage venture deals around the world in 2017, up 11.2 percent or \$21.03 billion more than the previous year. For reference, that's a smidge under [Papua New Guinea's projected nominal GDP for 2017](#).

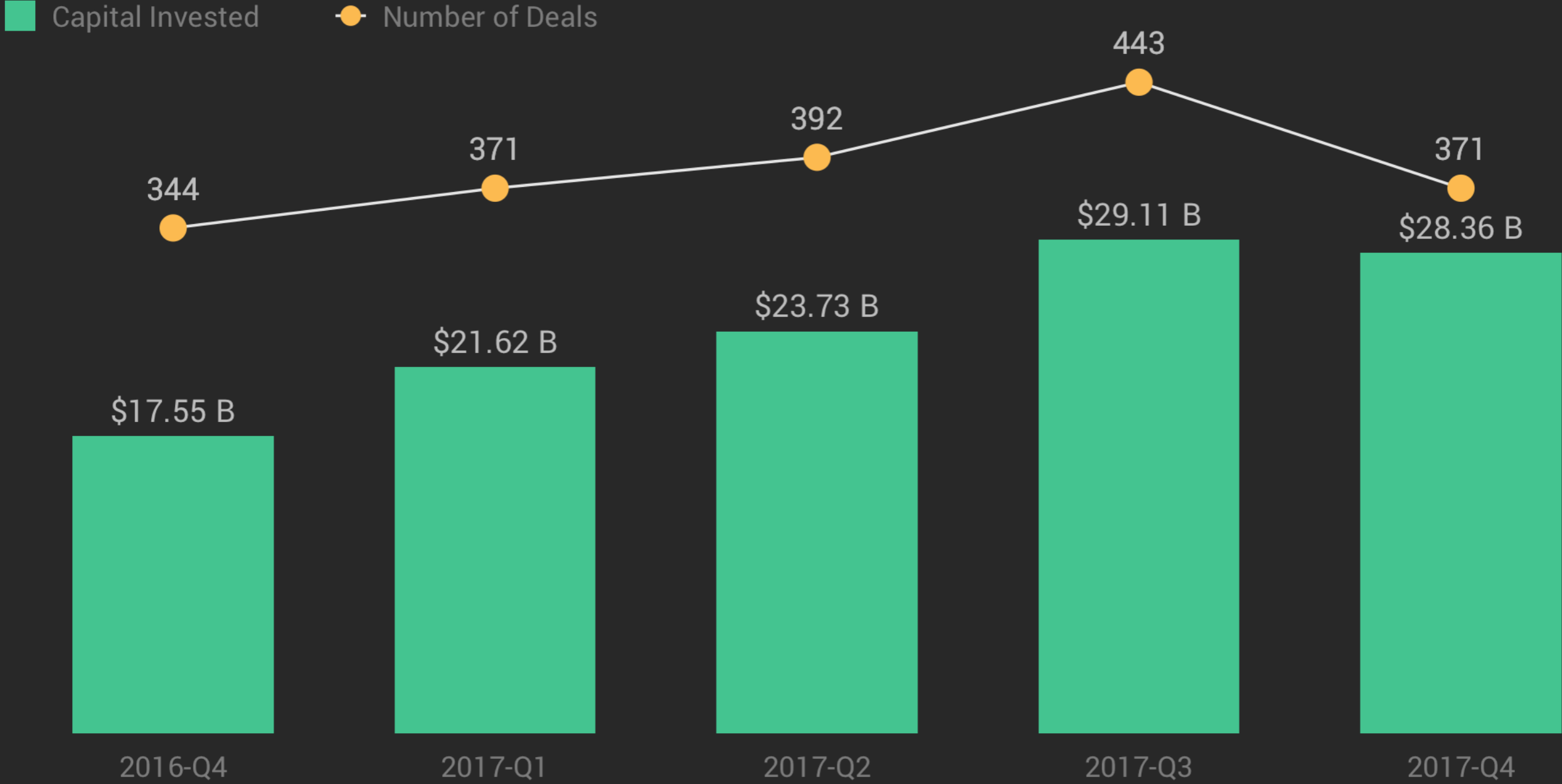
Just three years ago, in 2014, a projected total of \$60.91 billion was invested in late-stage deals. 2017's total, some \$41.9 billion greater than 2014's, is a bit larger than the projected nominal GDP of the Democratic Republic Of The Congo.

2017's projected total of 1,577 late-stage deals struck with companies from around the world is 11.2 percent higher than 2016's projected total of 1,418.

About Late Stage

Late stage venture include financings that are classified as a Series C+ and venture rounds greater than \$15 million.

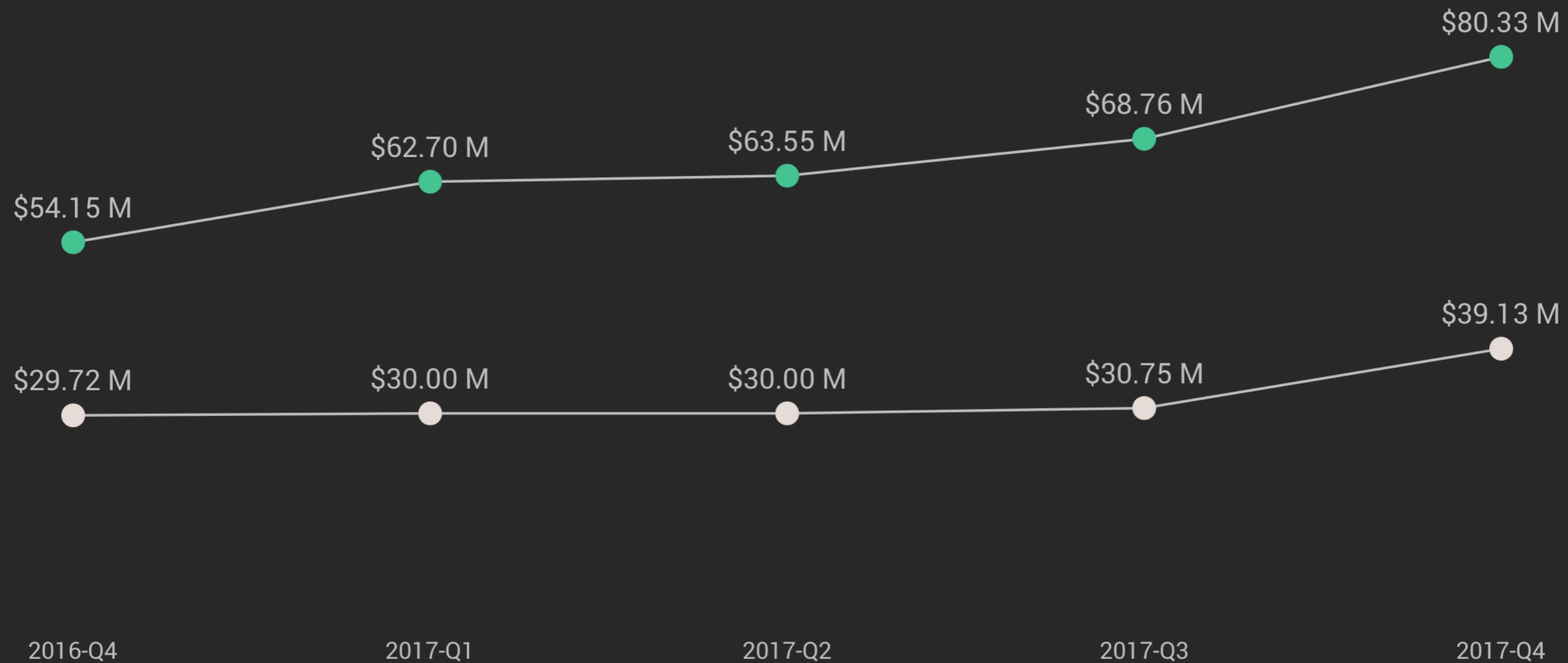
Projected Q4 2017 Late-Stage Investment, Globally



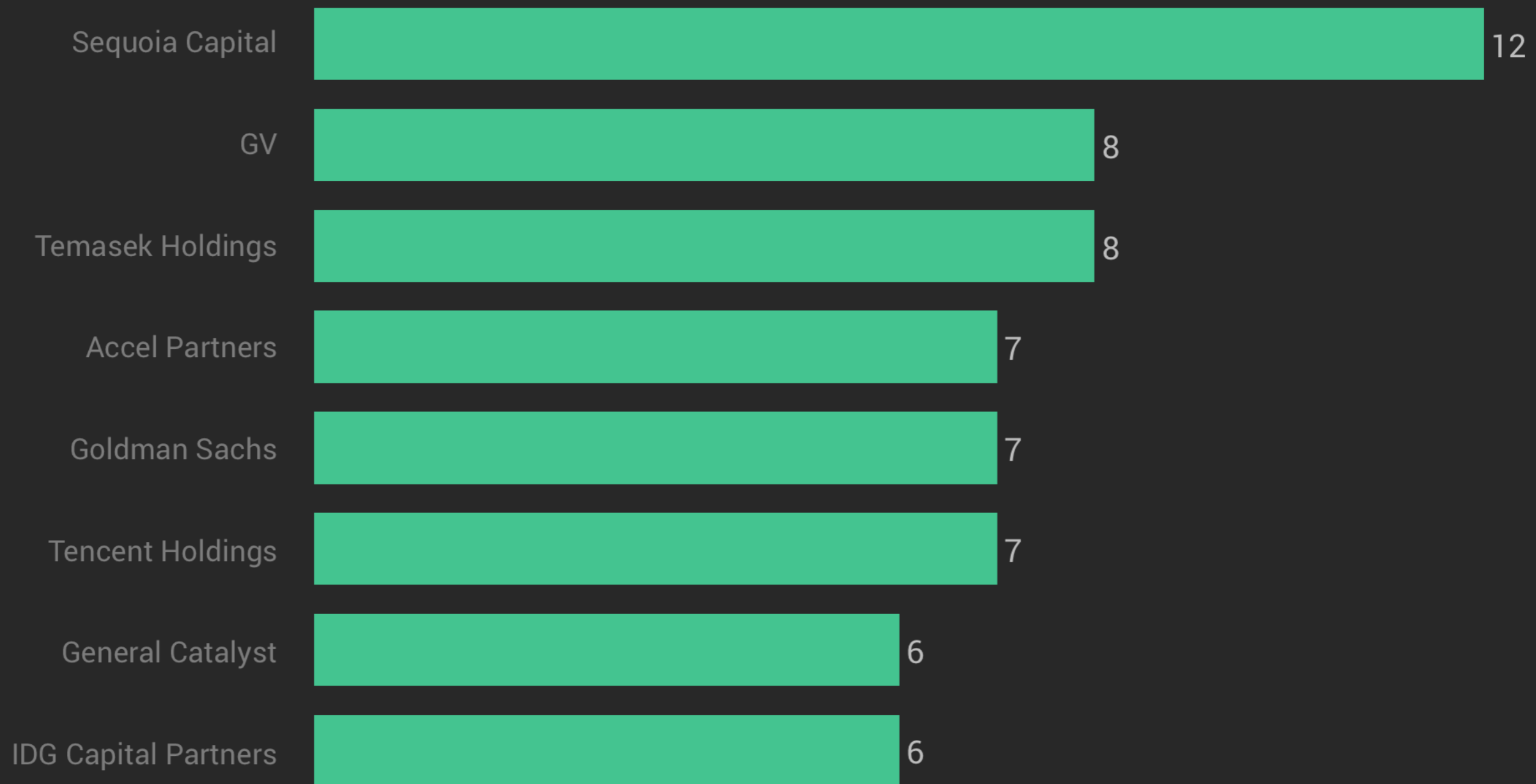
Late-Stage Round Size In Q4 2017, Globally

● Average

● Median



Active Late-Stage Investors In Q4 2017, Globally



Technology Growth

In collaboration with Crunchbase's data team, the News team worked to redefine how to measure "technology growth" rounds, as a category.

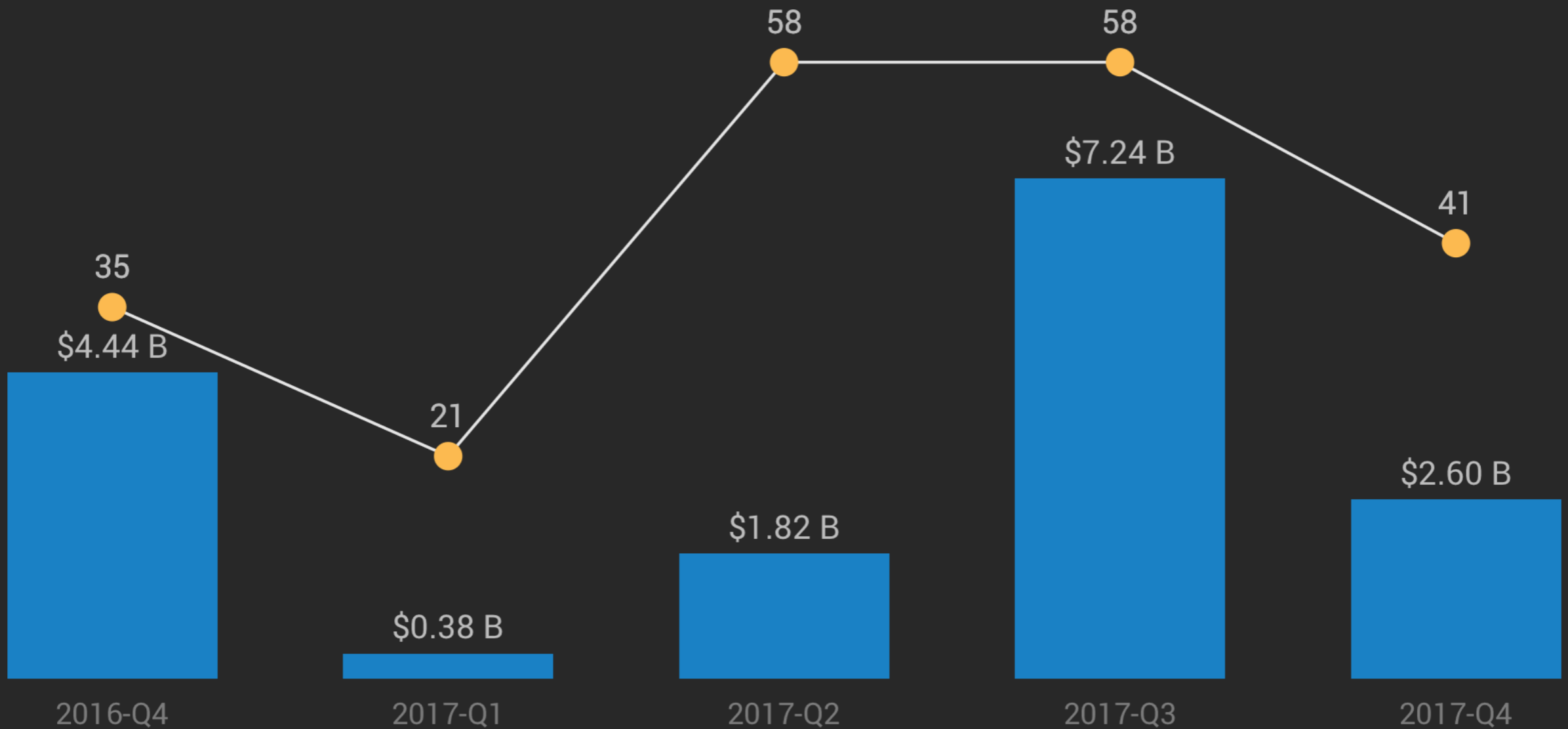
The old definition, in plain English: "Any 'private equity' round in which a 'venture' investor also participated."

Here's the new definition of technology growth in plain English: "Any 'private equity' round raised by a company that has previously raised 'venture' financing in a prior round, such as a seed round or Series C."

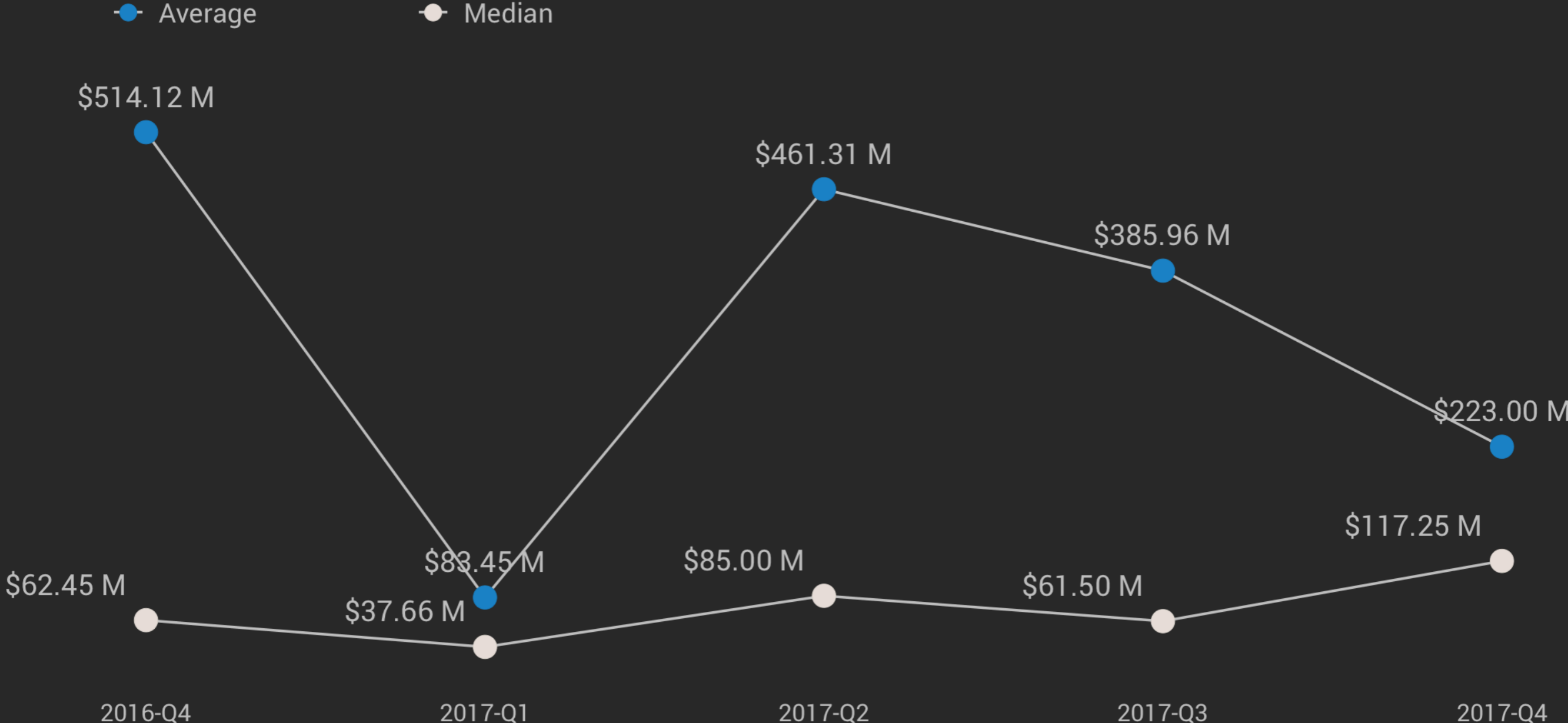
Projected Q4 2017 Technology Growth Investment, Globally

■ Capital Invested

● Number of Deals



Technology Growth Round Size In Q4 2017, Globally



Money Out

Reviewing Venture-Backed M&A And IPOs

Annual Key Finding

2017 was a surprisingly strong year for technology IPOs, and a welcome relief to both public and private-market investors who thought the deals would stop flowing.

This being said, 2017's M&A activity for venture-backed startups in was the weakest it's been in years.

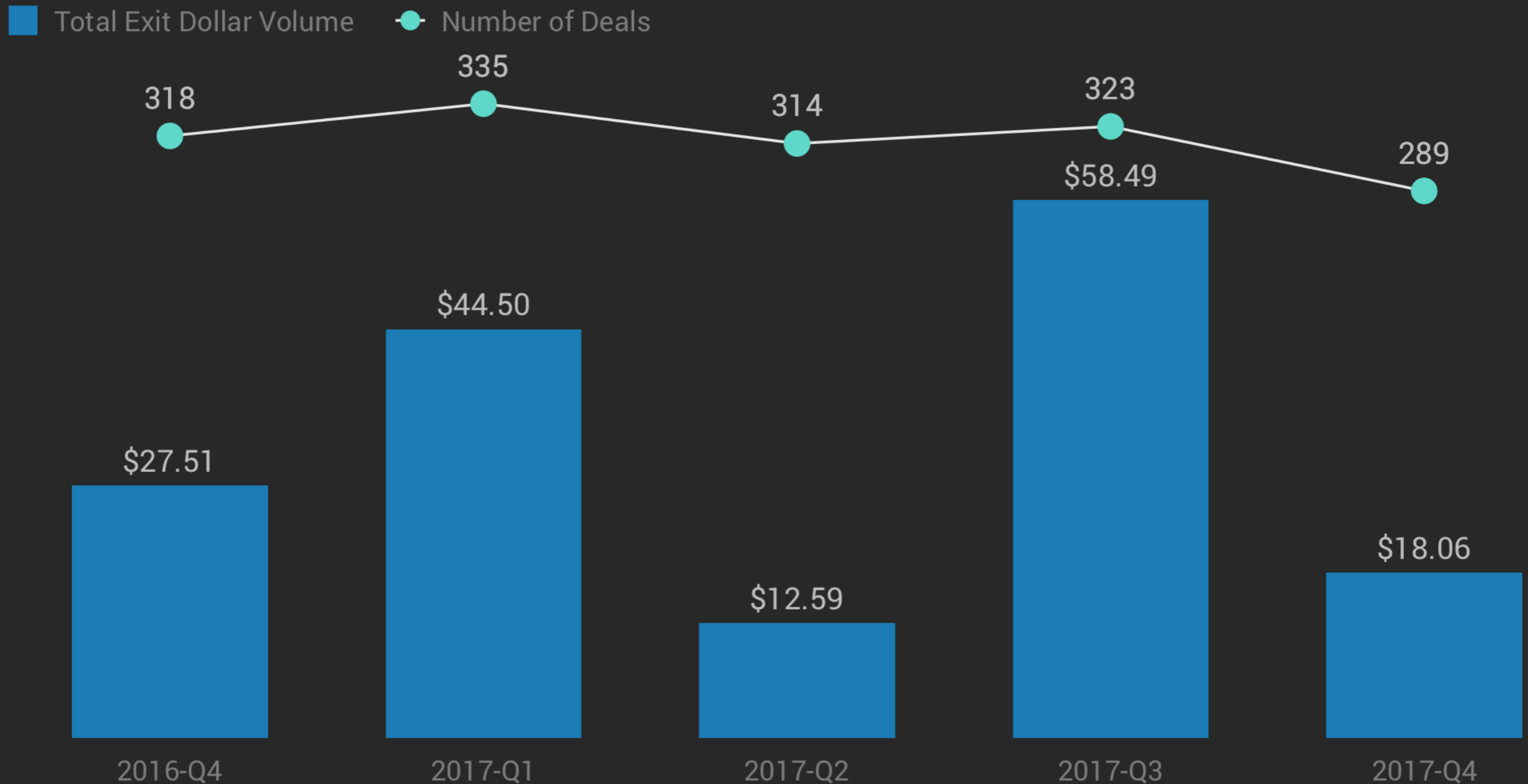
Venture-Backed Mergers & Acquisitions

There appears to be a general downtrend in M&A activity for venture-backed companies.

According to Crunchbase data, it peaked in Q2 2016 with 364 exits, and it has been somewhat downhill from there.

Between Q3 2017 and Q4 alone, venture-backed M&A deal volume declined roughly 10.5 percent. From its peak in Q2 2016, deal volume has declined by 20.6 percent, leaving venture investors with ever-fewer options to get their cash back.

Acquisitions Of Venture-Backed Companies, Globally



On the following slides, we've shared some of the more notable acquisitions from the final quarter of 2017.

Most, but not all, of the acquired companies listed here received venture funding at some point.

Notable Global Acquisitions In Q4 2017, Part 1

Acquired	Location	Sector	Deal Size (M USD)	Acquirer
21st Century Fox	New York, New York, USA	Entertainment	\$52,400.00	Walt Disney Company
Gemalto	Amsterdam, The Netherlands	Digital Security	\$5,430.00	Thales Group
Broadsoft	Gaithersburg, Maryland, USA	Telecommunications Services	\$1,900.00	Cisco
IO.com	Edison, New Jersey, USA	Data Center Infrastructure	\$1,300.00	Iron Mountain
Musical.ly	Santa Monica, California, USA	Video Social Network	\$800.00	Toutiao
RXBAR	Chicago, Illinois, USA	Fruit And Nut Bars	\$600.00	Kellog's

Notable Global Acquisitions In Q4 2017, Part 2

Acquired	Location	Sector	Deal Size (M USD)	Acquirer
Shipt	Birmingham, Alabama, USA	Grocery Delivery	\$550.00	Target
nuTonomy	Cambridge, Massachusetts, USA	Autonomous Vehicles	\$450.00	Delphi Automotive PLC
WePay	Redwood City, California, USA	Payments Platform	\$400.00	JP Morgan Chase & Co.
Shazam	London, England, United Kingdom	Music E-Discovery	\$400.00	Apple
Earnest	San Francisco, California, USA	Online Lending	\$155.00	Navient Corporation
19pay	Haidian, Beijing, China	E-Commerce Payments Platform	\$45.00	Didi Chuxing

Initial Public Offerings

Notable Global IPOs In Q4 2017, Part 1

Name	Location	Sector	Money Raised In IPO (M)
Qudian	Beijing, China	Online Micro-Loans	\$900.00
Sogou	Beijing, China	Internet Search	\$585.00
Razer	Irvine, California, USA	PC Gaming Hardware	\$500.00
Hello Fresh	Berlin, Germany	Meal Kit Delivery	€320.00
MongoDB	San Francisco, California, USA	NoSQL Database	\$256.00
SailPoint	Austin, Texas, USA	Identity Management	\$240.00

Notable Global IPOs In Q4 2017, Part 2

Name	Location	Sector	Money Raised In IPO (M)
Altair	Troy, Michigan, USA	Computer-Aided Engineering	\$156.00
SendGrid	Denver, Colorado, USA	Email Platform	\$131.00
Stitch Fix	San Francisco, California, USA	Womens' Fashion	\$120.00
Bandwidth	Raleigh, North Carolina, USA	Telecommunications Services	\$80.00
Casa Systems	Andover, Massachusetts, USA	Network Edge Devices	\$78.00
Aquantia	Milpitas, California, USA	High-Bandwidth Ethernet	\$61.40

Conclusions From The Global Report

It's important to acknowledge that Q1 2018 and beyond is not without its headwinds.

For better and worse, the United States has led the world in venture deal and dollar volume, and as Crunchbase News has reported previously (and as we'll show soon), there appears to be a slow hollowing-out of the early-stage pipeline.

That may not seem like such a big deal today, but don't be surprised if several quarters down the line there are fewer big deals (forgive the pun) being struck around the world.

There are other, smaller issues too:

- A [new tax plan in the US may threaten the country's financial stability](#) in the coming quarters and years.
- The threat of geopolitical conflict in the vicinity of China—one of the largest VC markets outside the US—looms large.
- Cryptocurrencies and other shiny blockchain geegaws may distract investors from more traditional technology startups.
- Hell, there was just an earthquake, albeit a small one, in the Bay Area.

Lots of stuff can happen.

Key Takeaways From The US & Canada Report

To Read The Full US & Canada Report On *Crunchbase News*,
[Click Here.](#)

Quarterly Funding Totals For US & Canada

Let's start with Q4 numbers for US and Canadian startups. Out of the \$21.9 billion in projected total investment for the quarter, about 44 percent, or \$9.7 billion, went to late-stage deals.

Another 12 percent, or \$2.6 billion, went to technology growth rounds, a newly redefined category for *Crunchbase News* that includes many of the big financings for established unicorns.

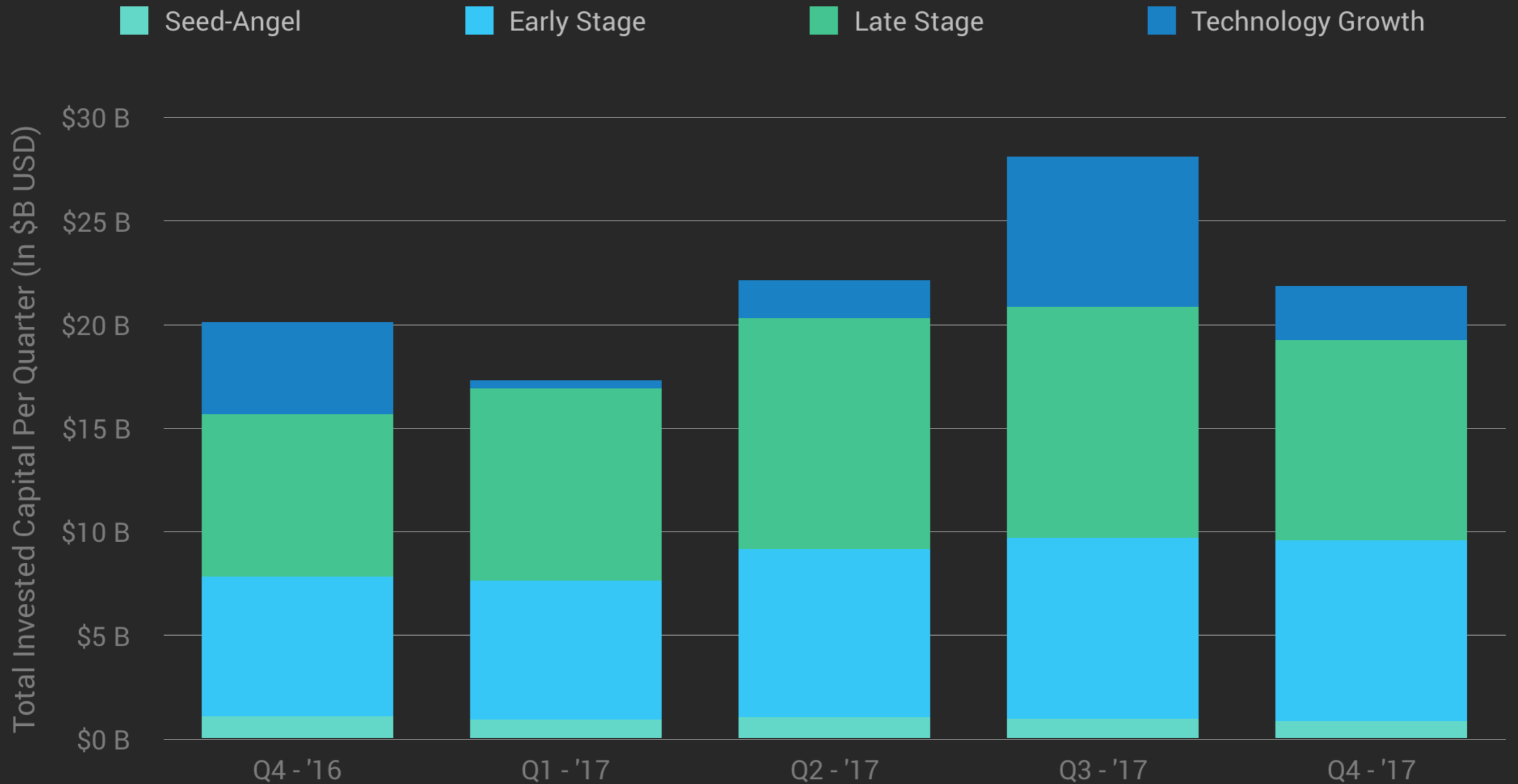
Early stage (Series A and B) rounds, meanwhile, drew \$8.7 billion in Q4, boosted by some unusually large deals. Seed and angel deals, which are always the smallest in dollar terms of any stage, brought in a projected \$886 million.

As usual, a handful of big deals made an outsized contribution to the quarterly totals.

At the late stage, the largest round was for [Magic Leap](#), a developer of virtual reality display technology that raised \$500 million in Series D funding in October. Another big funding recipient was [Compass](#), a technology-driven real estate platform that secured \$550 million in Series C financing during the quarter.

At the early stage, [Grail](#), a developer of diagnostics for early cancer detection, closed a \$1.2 billion Series B round, the largest early-stage deal for Q4. Following Grail was a \$200 million Series B for augmented reality game developer [Niantic](#), developer of the hit game Pokemon Go.

Projected Venture Dollar Volume In The US & Canada



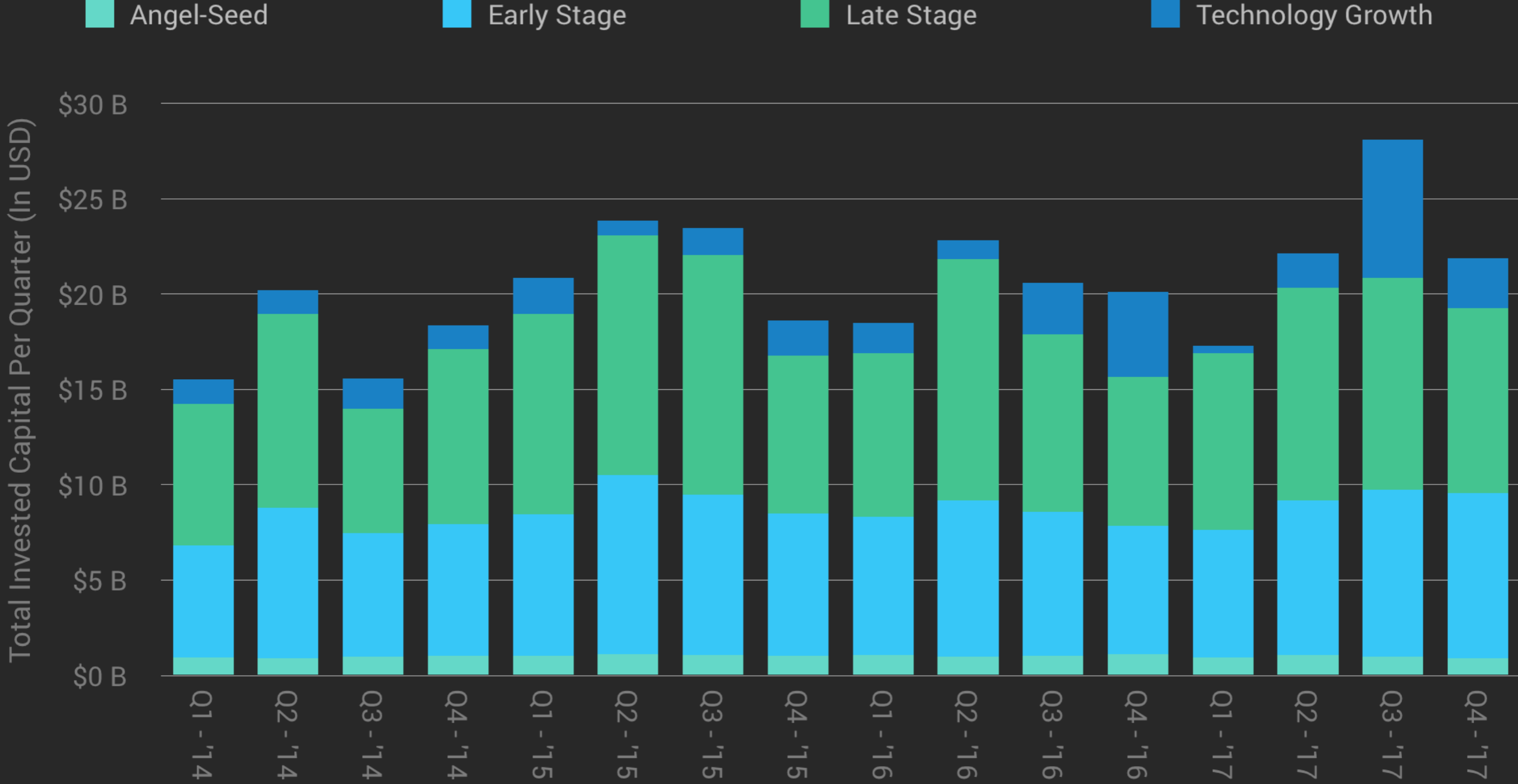
Annual Funding Totals For US & Canada

Now let's turn to the 2017 numbers. Total projected venture investment was up year-over-year at every stage, but rose the most at growth and late stage.

From early to the technology growth stage, investment totals were up. Only seed-stage investments saw a reduction in year-over-year projected funding totals. Technology growth in particular saw the highest annual total in four years, driven in part by SoftBank's voracious dealmaking.

In the chart below, we look at funding totals at each stage for the past four years. It's noteworthy that while there have been fluctuations, totals across stages have ranged within the \$80 billion to \$90 billion range over the past three years.

Projected US & Canadian Venture Dollar Volume Over Time



Quarterly Round Counts

The typical venture round has gotten bigger, but fewer startups are managing to secure funding.

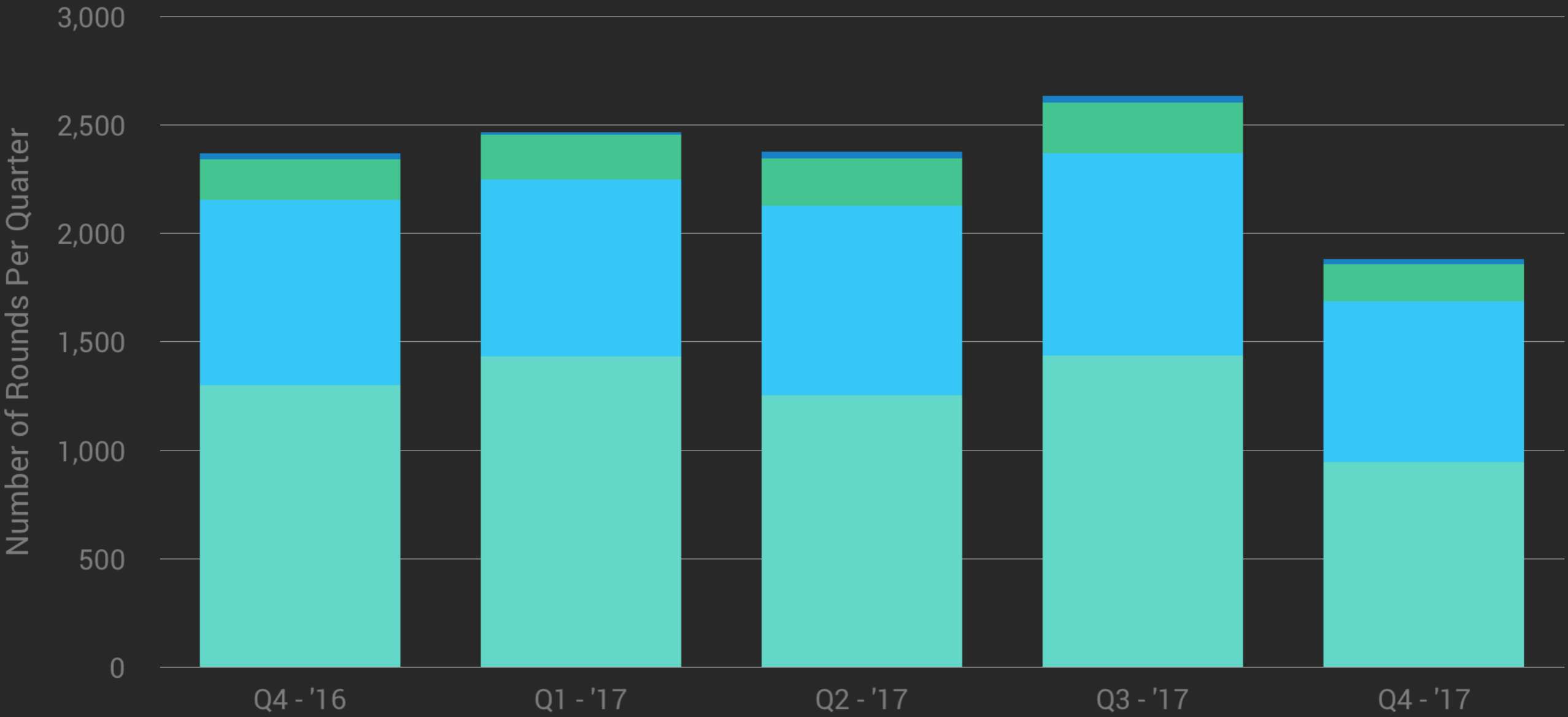
That's the broad takeaway from Crunchbase projections for round counts at seed through growth stage. Here's a breakdown of what we saw.

After three quarters of holding up at levels relatively flat, the number of startups securing seed and venture funding fell sharply in Q4 of 2017.

The most pronounced decline was at the seed stage. The projected Q4 seed and angel round count is just 944, down more than a third from the prior quarter and down about 25 percent from year-ago levels.

Projected Venture Deal Volume In The US & Canada

Seed-Angel Early Stage Late Stage Technology Growth



While it's not entirely clear what's driving the pullback in seed and early-stage rounds, industry insiders have been documenting [the drop](#) for a while and raised a number of possibilities.

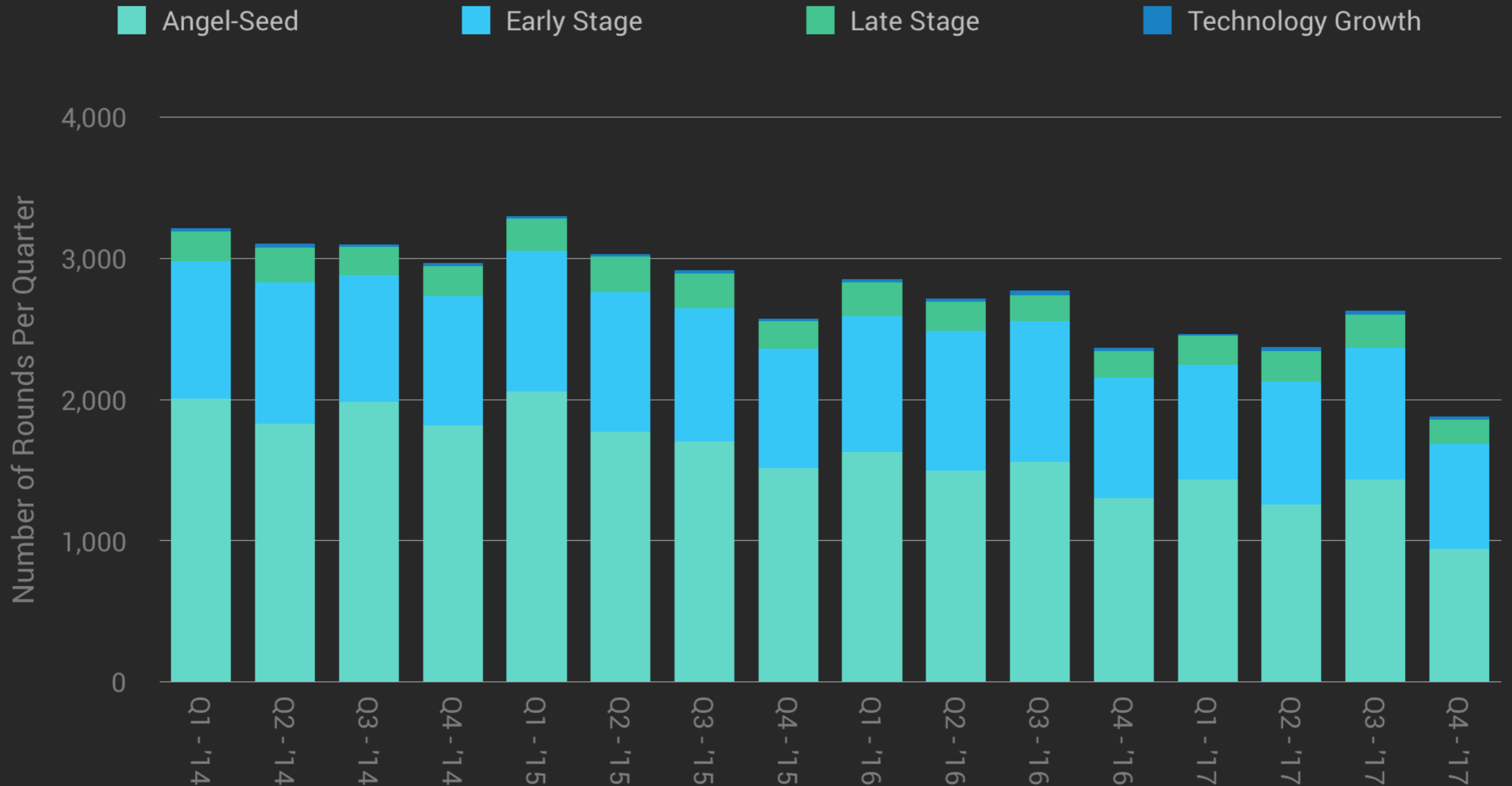
Reasons include a cyclical investor backlash to inflated seed-stage valuations, increasing preference among established investors [for later stage and larger deals](#), and a decline in funding for new [mobile app](#) and [SaaS-focused startups](#).

Annual Round Counts

The late-in-the-year decline in seed-stage rounds was pronounced enough to affect year-over-year comparisons. For all of 2017, projected round counts total 9,353 across all stages, down about 13 percent from the 2016 total of 10,711.

Overall, the number of late-stage and growth deals stayed relatively flat year-over-year, with investors continuing to chase big rounds for unicorns and near-unicorns. Virtually all of the decline is due to seed and early-stage trends.

Projected US & Canadian Venture Deal Volume Over Time



Exits

If we were to generalize for both the quarter and full year, it would probably be along these lines: Exits were pretty so-so. The IPO window was open, but public market investors were picky and fickle. Acquirers, meanwhile, kept up a decent dealmaking pace, but didn't do a lot of really big deals.

M&A

Those waiting for big, profitable acquisitions involving venture-backed unicorns will have to keep waiting.

For all of 2017, venture-backed M&A was decidedly lackluster. Cisco's \$3.7 billion acquisition of enterprise software provider [AppDynamics](#), announced in January, ranked as the year's only known multi-billion dollar M&A transaction involving a venture-backed company.

IPOs

As for IPOs, 2017 was certainly more action-packed than 2016, an unusually dull year for venture-backed public offerings. The biggest IPO event of the past year was [Snap's Nasdaq debut](#) in March. And although the self-deleting messaging provider subsequently [managed to delete a huge chunk of its market capitalization](#), the blockbuster offering did seem to usher in a period of greater tech IPO activity.

IPOs, Continued

But 2017's IPO cohort delivered mixed results.

Top performers for the year included streaming media device maker Roku, analytics provider Alteryx, and tech-enabled real estate company Redfin.

Yet some startups that achieved IPO [turned laggard](#).

Snap made that list. So did meal kit company Blue Apron and storage technology provider Tintri, both of which ended the year with shares down more than 50 percent from their initial offer price.

Key Chart: Women In Startups & Venture Report

The Portion Of VC-Backed Startups Founded By Women Stays Stubbornly Stagnant

To Read The Full Women In Startups Report On *Crunchbase News*, [Click Here.](#)

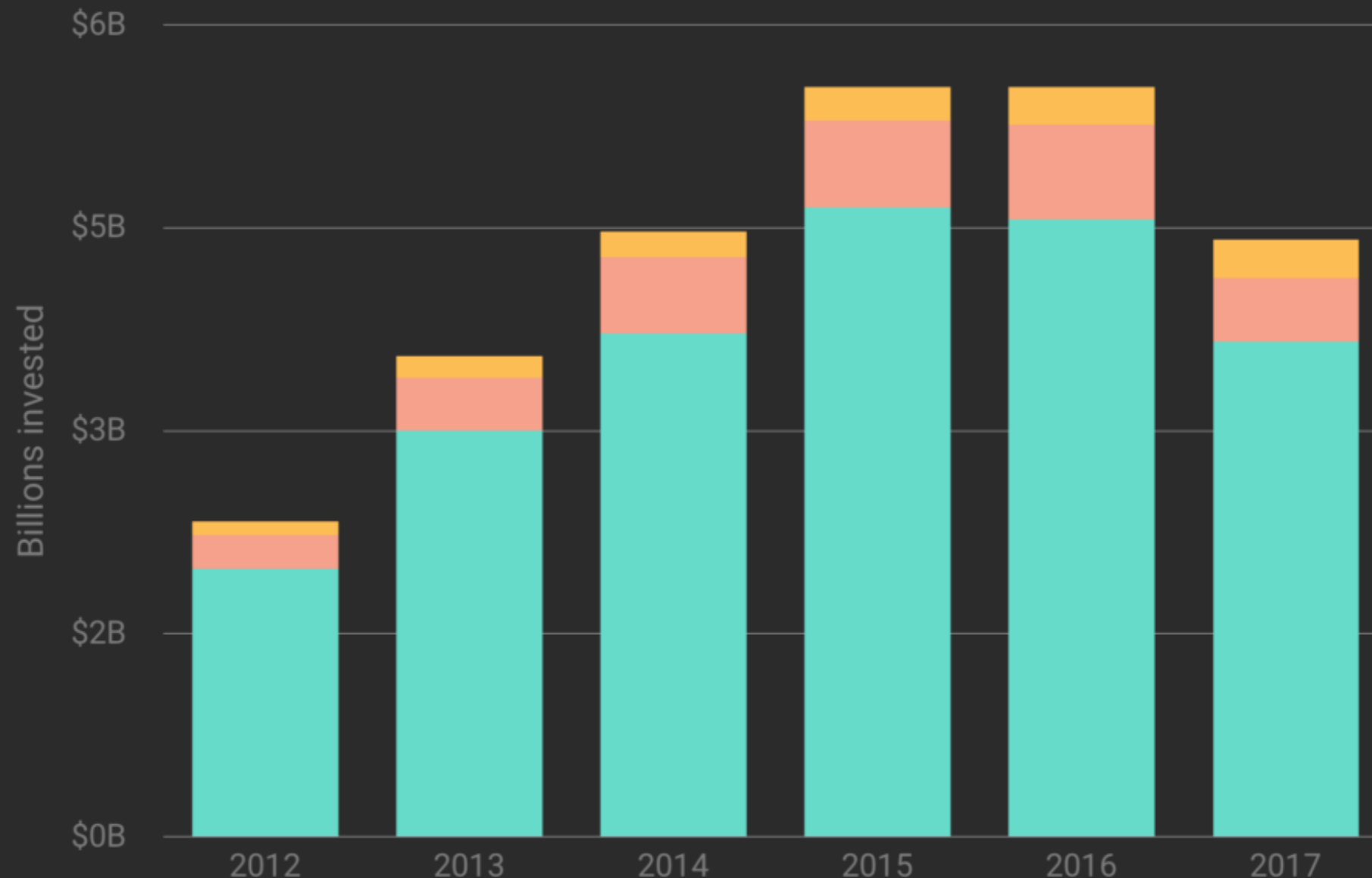
Seed Investments In Female-Founded Startups

Startups with no founders in Crunchbase are excluded

■ male only

■ female-male cofounded

■ female only



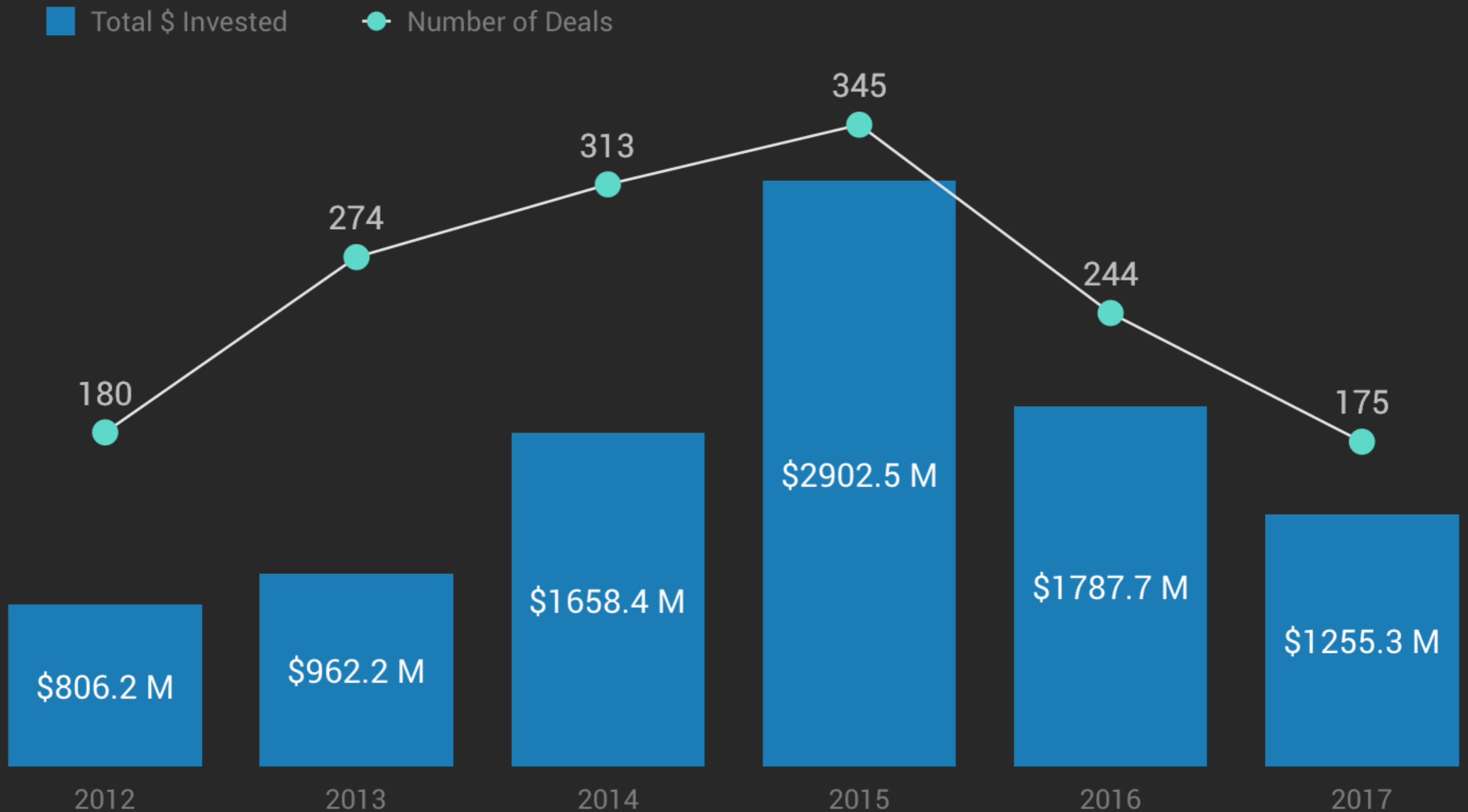
Key Chart: The Texas Report

Texas Startups Raised 36 Percent Less In Q4 YOY

To Read The Full Texas Report On *Crunchbase News*,
[Click Here.](#)

Texas Venture Capital Deal & Dollar Volume

Aggregated Venture Capital Deal Data For Rounds Raised By Companies Headquartered In Texas

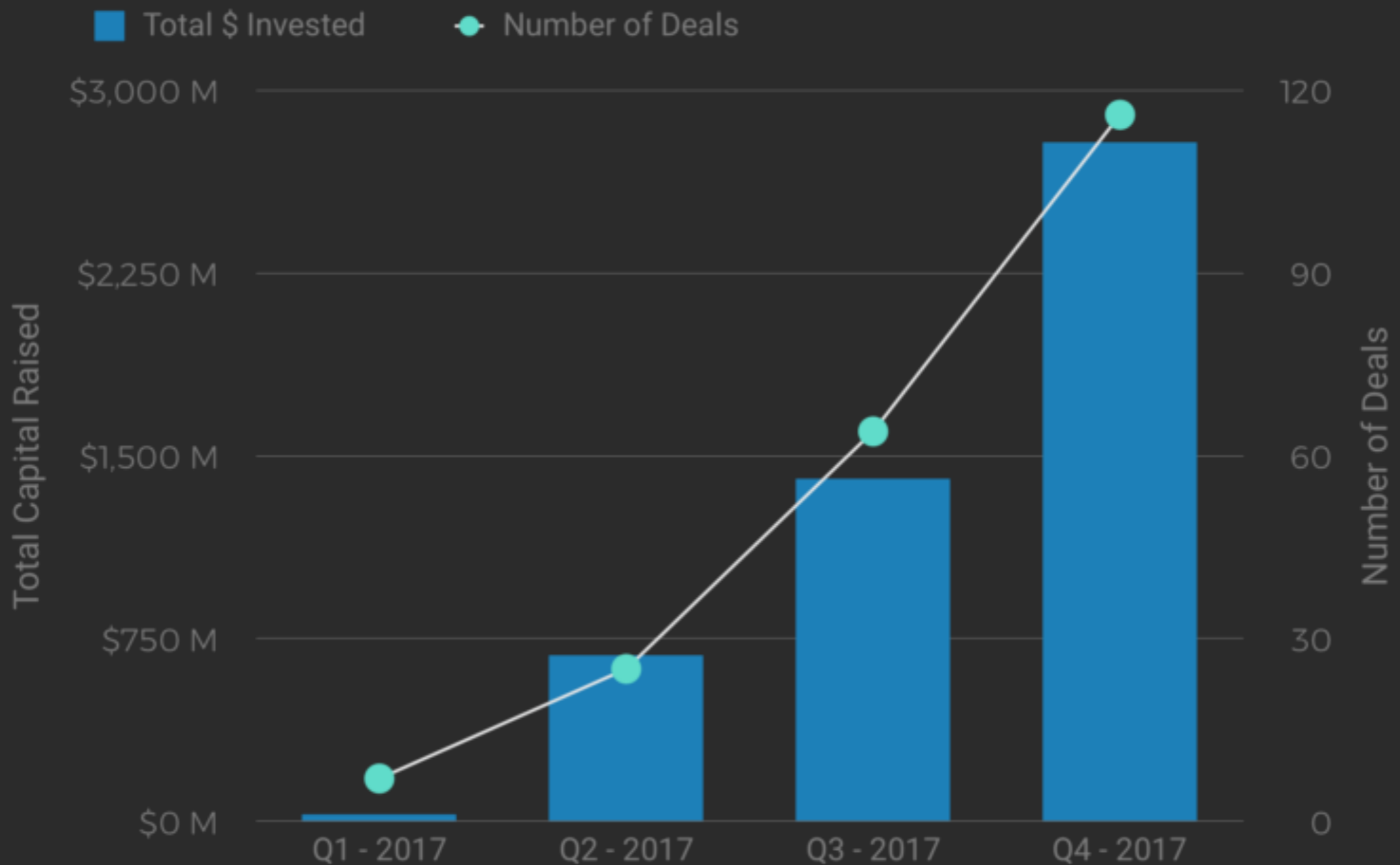


Key Chart: The ICO & Crypto Report

2017's ICO Market Grew Nearly 100x From Q1 To Q4

To Read The Full ICO And Crypto Report On *Crunchbase News*,
[Click Here.](#)

Quarterly ICO Round Counts & Dollar Amounts For 2017



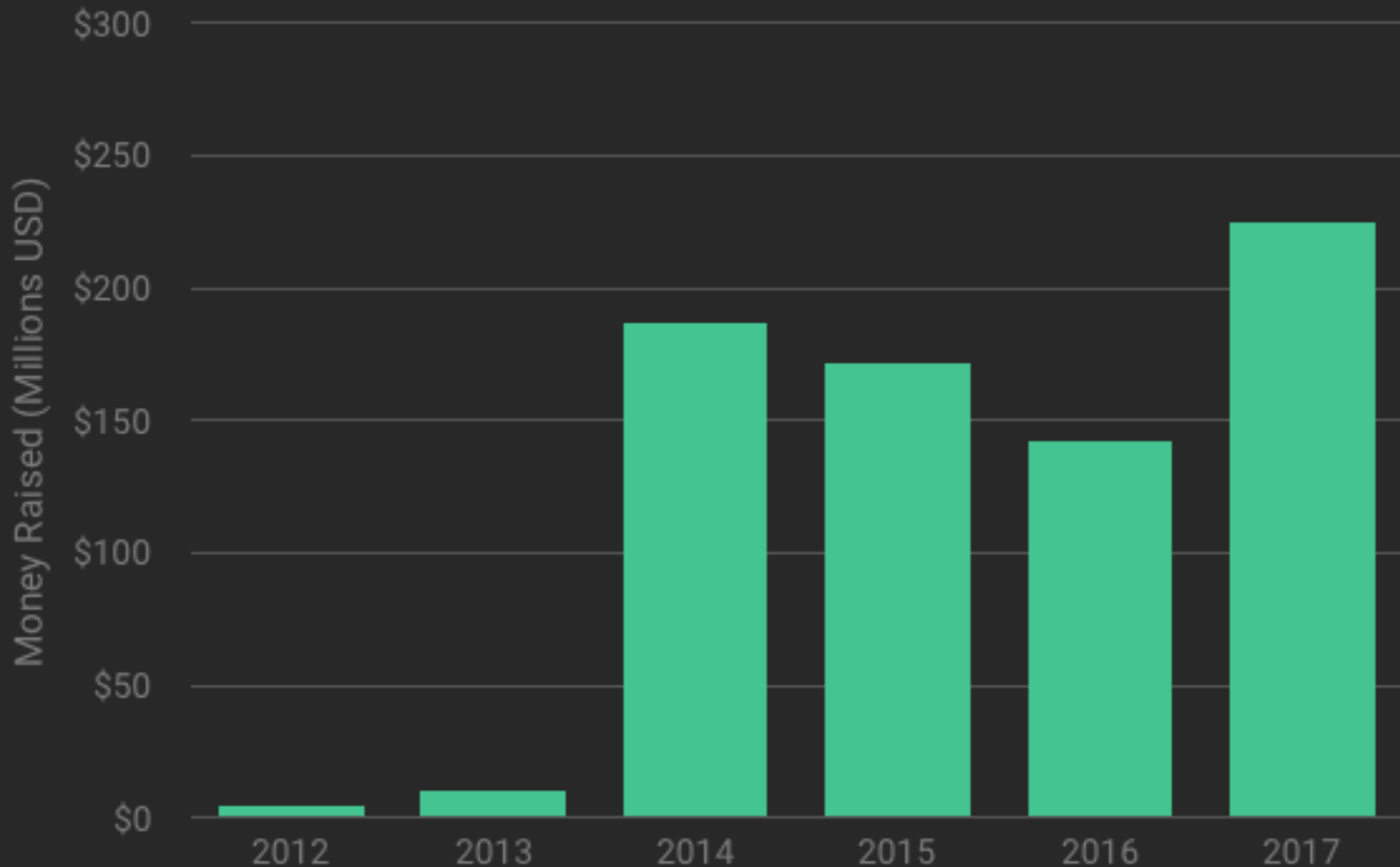
Key Chart: The Cannabis VC Report

2017's ICO Market Grew Nearly 100x From Q1 To Q4

To Read The Full Cannabis VC Report On *Crunchbase News*,
[Click Here.](#)

Known Money Raised By U.S. Cannabis Companies

By Year 2012 - 2017



Methodology

About Seed-Angel Stage

Crunchbase's Seed-Angel stage includes financings that are classified as a seed or angel, including accelerator fundings and equity crowdfunding below \$5 million.

About Early Stage

Early stage venture include financings that are classified as a Series A or B, venture rounds without a designated series that are below \$15 million, and equity crowdfunding above \$5 million.

About Late Stage

Early stage venture include financings that are classified as a Series A or B, venture rounds without a designated series that are below \$15 million, and equity crowdfunding above \$5 million.

About Technology Growth

Technology Growth includes private equity investments in companies that had previously raised venture funding.

About “Projected” Data

Crunchbase uses projections for global and U.S. trend analysis.

Crunchbase bases these projections on historical patterns in late reporting, which are most pronounced at the earliest stages of venture activity.

Using projected data helps prevent undercounting or reporting skewed trends that only correct over time. All projected values are noted accordingly.

About “Reported” Data

Certain metrics, like mean and median reported round sizes, were generated using only reported data.

Unlike with projected data, Crunchbase calculates these kinds of metrics based only on the data it currently has.

All reported values are noted accordingly.

About Foreign Currencies

All funding values are given in U.S. dollars unless otherwise noted.

Crunchbase converts foreign currencies to US dollars at the prevailing spot rate from the date funding rounds, acquisitions, IPOs, and other financial events are reported.

Even if those events were added to Crunchbase long after the event was announced, foreign currency transactions are converted at the historic spot price.