

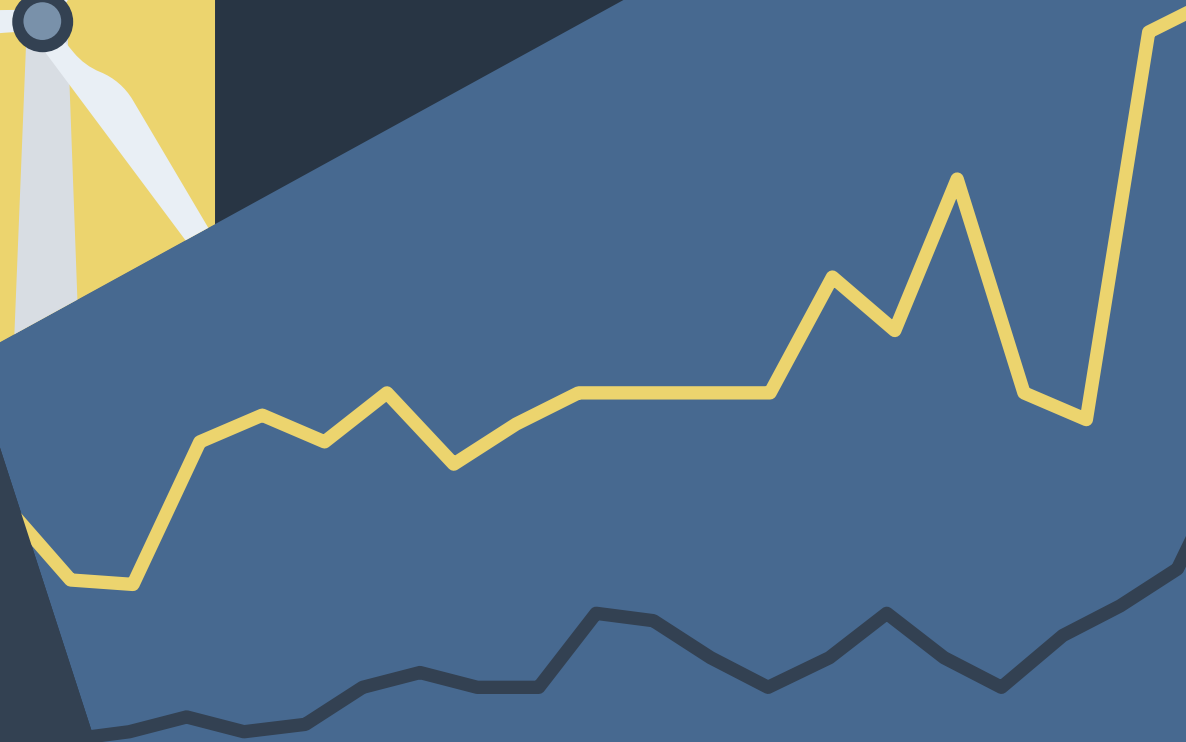
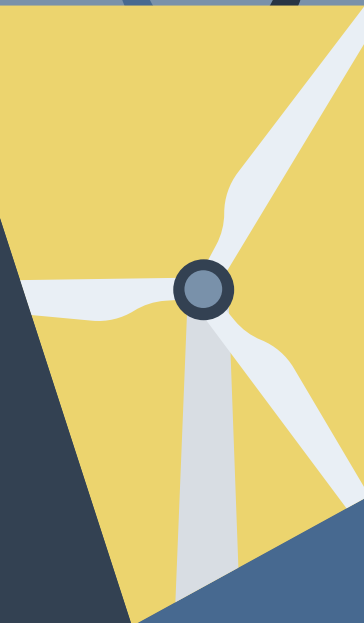


EMERGING TECH RESEARCH

Q3 2021

# Emerging Tech Indicator

Web3 & DeFi, enterprise SaaS, supply chain tech,  
and gaming lead funding activity





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# Introduction

The Emerging Tech Indicator report provides a quarterly overview of startups receiving seed and early-stage investments from a limited subset of VC funds. It is meant to provide a unique perspective on the products and technologies that are driving early growth opportunities.

In the third quarter of 2021, we tracked 189 early-stage and seed deals that involved the top 15 VC firms. These firms are determined each quarter based on the success of their investments over time in terms of exits and valuations.<sup>1</sup> This report provides a summary of this deal activity—which we refer to as “emerging tech indicator (ETI) deals”—with a primary focus on analyzing the kinds of products and technologies receiving capital.

## Key takeaways:

- **More evidence of soaring VC environment:** ETI investment reached \$6 billion across 189 deals in Q3 2021, the highest amount on record from the previous high of \$5.4 billion raised in Q2. Total deal count was the second highest on record, down from the record of 212 recorded in Q2 2021.
- **Large deals surge:** We recorded 14 ETI deals of \$100 million-plus, well above the historical quarterly average of three (back to 2015) and above Q1’s prior record 12. We recorded 28 deals over \$50 million, down from Q1’s 33, but also well above the historical quarterly average of 10. The largest deal was a \$900 million Series B for crypto trading platform and non-fungible token (NFT) marketplace FTX, which counts Tom Brady among its other high-profile investors.

- **Web3 & DeFi on the rise:** The top five areas of technology investment in Q3 included Web3 & DeFi (\$1.3 billion), fintech (\$860 million), enterprise SaaS (\$493 million), supply chain tech (\$454 million), and gaming (\$387 million). Across all technology segments, we recorded \$839 million invested in startups that market their use of artificial intelligence and machine learning (AI & ML) technology to power core products. This is in line with recent levels, with AI-based drug discovery continuing to attract large deal flow as biotech startup Biomap closed a \$100 million Series A.

<sup>1</sup>: Emerging Tech Indicator ranking methodology can be found [here](#).



# Deal activity

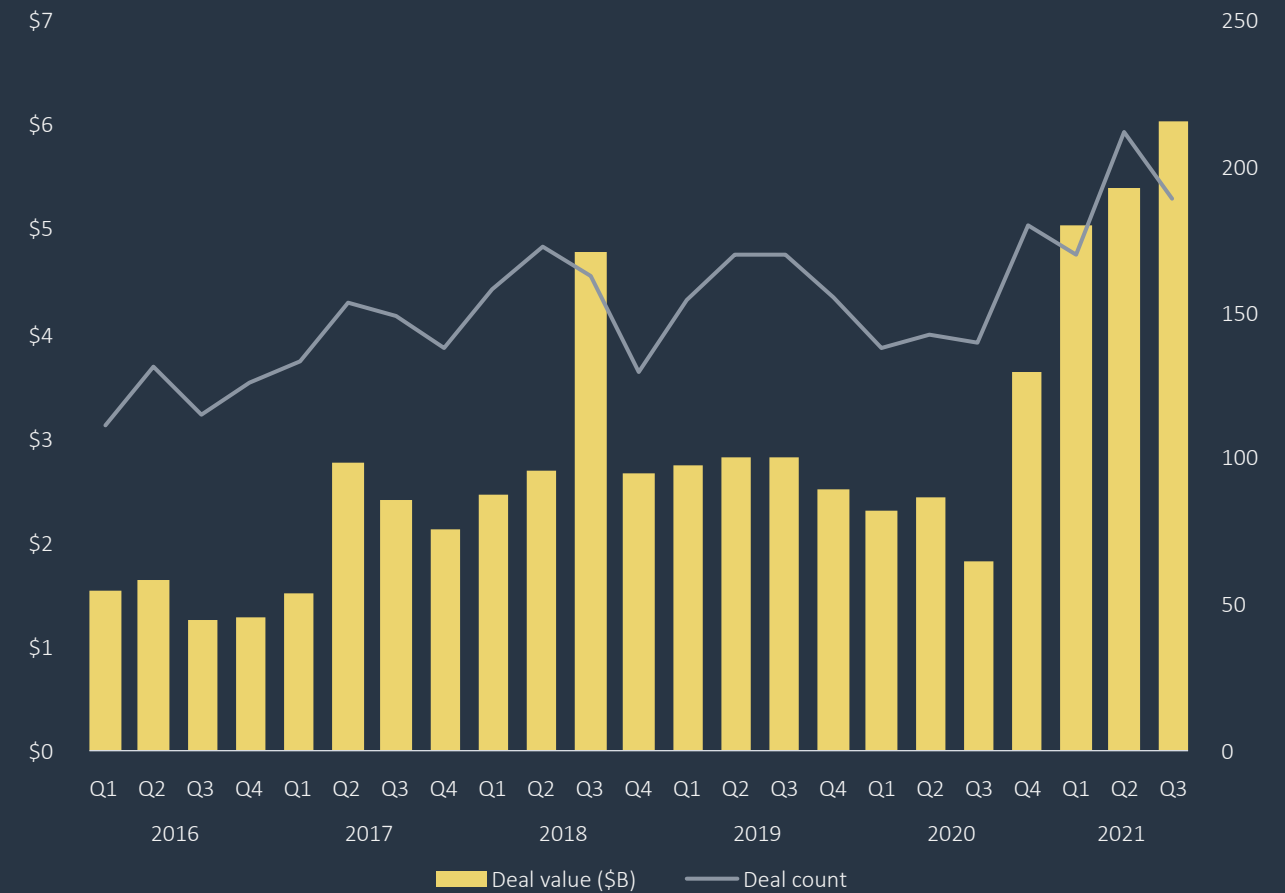
Q3 ETI deal activity reflected the surging VC environment as deal value reached \$6 billion, up from \$5.4 billion in Q2 and the second highest quarter on record (back to 2015). Deal counts of 189 were well above the average 152, but down from Q2's record 212. (See our Q3 Venture Monitor for an overview of broader market activity.) We recorded 14 \$100 million+ ETI deals in Q3, a sharp increase from eight in Q2 and well above the historical average of three. The top three deals included a \$900 million Series B for crypto trading platform and NFT marketplace FTX, a \$250 million round for blockchain-based gaming platform Dapper Labs, and a \$170 million Series A for ultra-fast grocery delivery platform JOKR. ETI deal activity represented 11.7% of total VC funding in the quarter—roughly in line with historical averages in the 10% range.

In Q3, we tracked ETI deals across 31 market segments, with Web3 & DeFi representing the largest area of investment, accounting for \$1.3 billion across 12 deals. This was followed by fintech (\$860 million across 28 deals); enterprise SaaS (\$493 million across 16 deals); and supply chain tech (\$454 million across seven deals).

PitchBook clients can access the latest Emerging Tech Indicator report via the [Research Center](#). Prospective clients can access a report preview [here](#).



Figure 1. ETI DEAL ACTIVITY



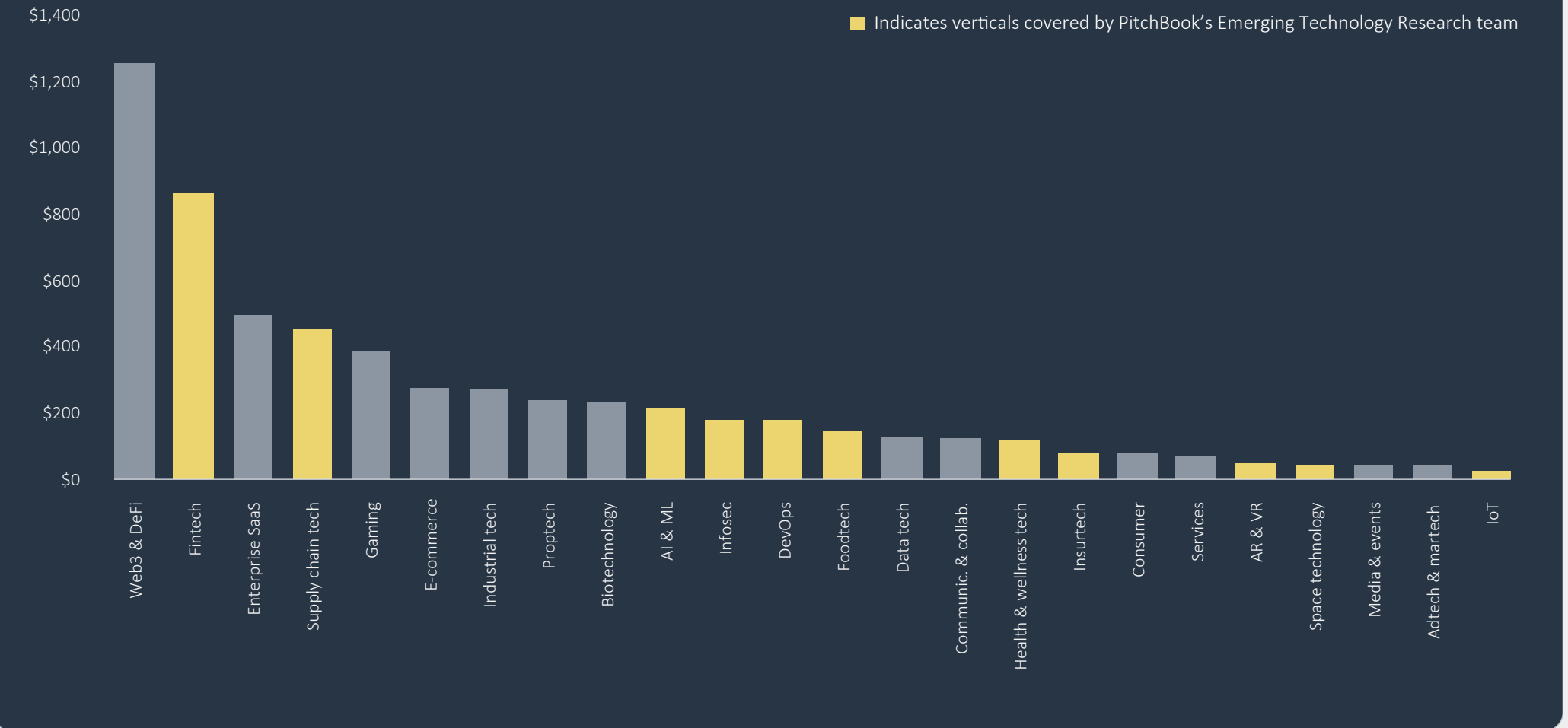
Source: PitchBook | Geography: Global | \*As of September 30, 2021



# Areas of investment

Compared to ETI deal trends on a cumulative four-quarter basis, Q3 deal activity was notable for several reasons, including the surge in Web3 & DeFi funding as well as the strong quarter for supply chain tech and the relatively low investment quarter for health and wellness tech and biotechnology.

Figure 2. Q3 2021 ETI DEAL VALUE (\$M)\* BY SEGMENT

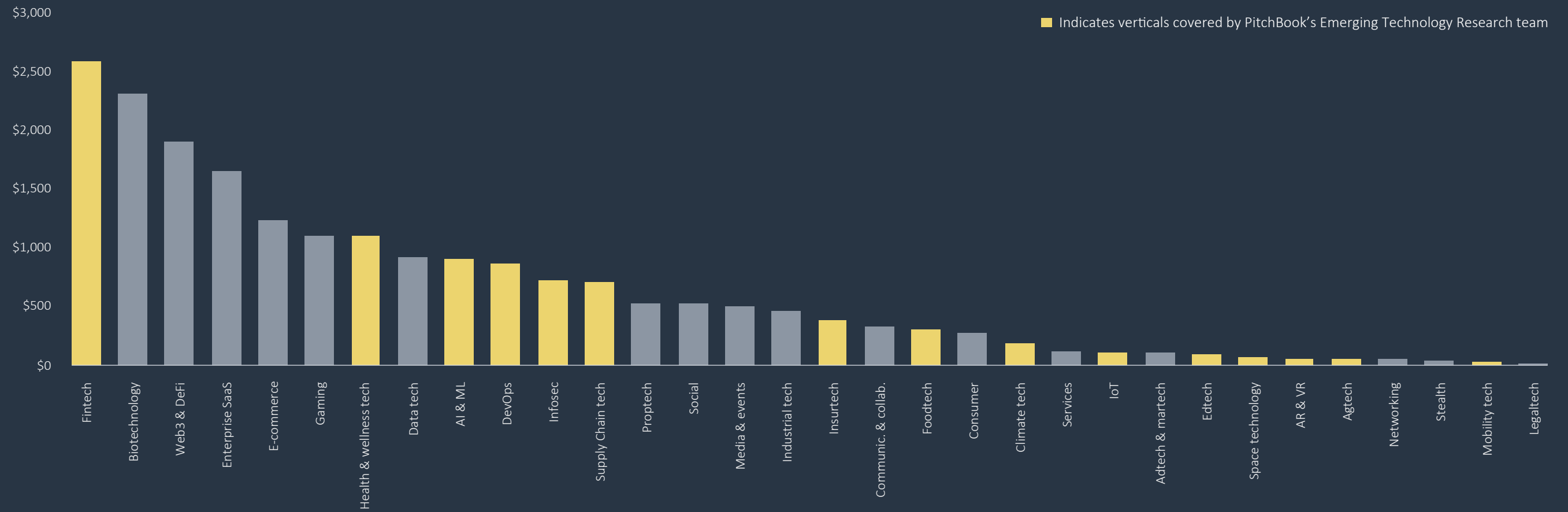


Source: PitchBook | Geography: Global | \*As of September 30, 2021



## AREAS OF INVESTMENT

Figure 3. EARLY- AND SEED-STAGE ETI DEAL VALUE (\$M) IN TTM BY SEGMENT\*



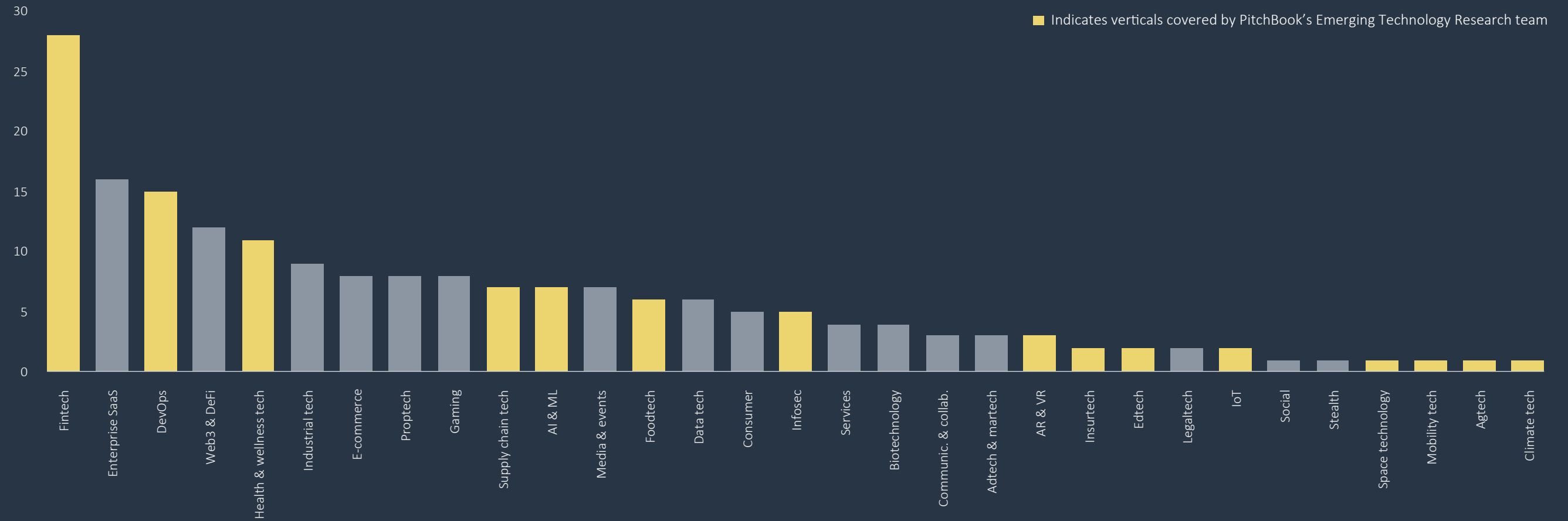
Source: PitchBook | Geography: Global | \*As of September 30, 2021

\*Note: Trailing 12 month (TTM) through Q4 2020



## AREAS OF INVESTMENT

Figure 4. Q3 2021 ETI DEAL COUNT BY SEGMENT

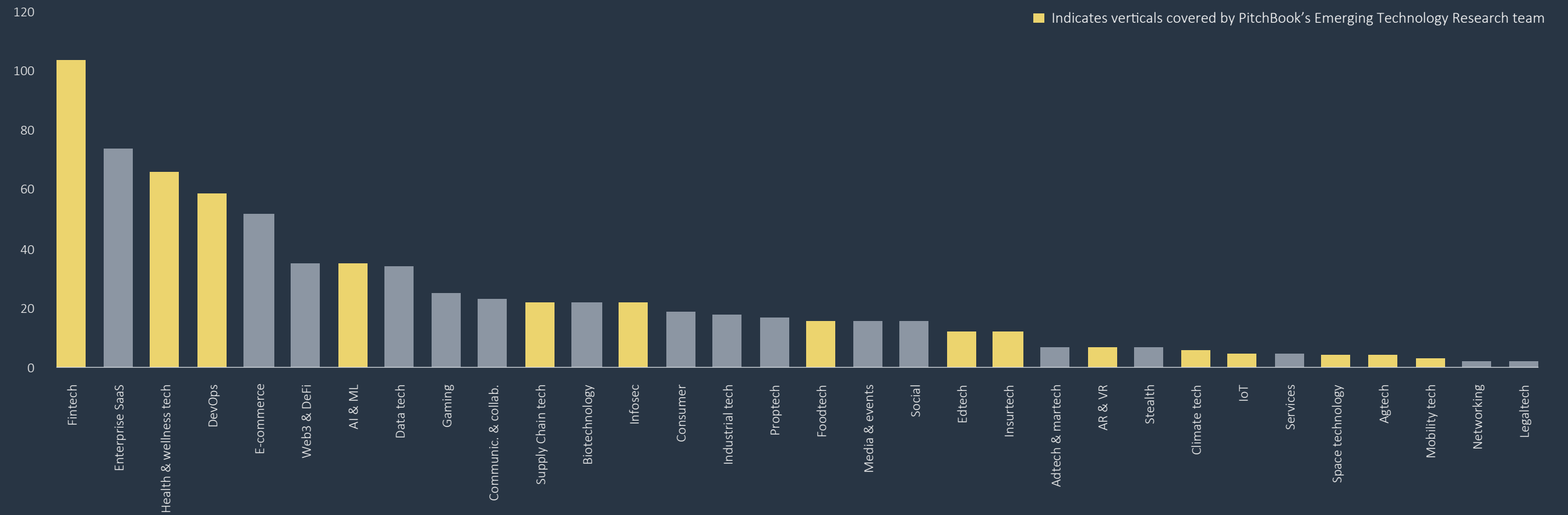


Source: PitchBook | Geography: Global | \*As of September 30, 2021



## AREAS OF INVESTMENT

Figure 5. EARLY- AND SEED-STAGE ETI DEAL COUNT IN TTM BY SEGMENT\*



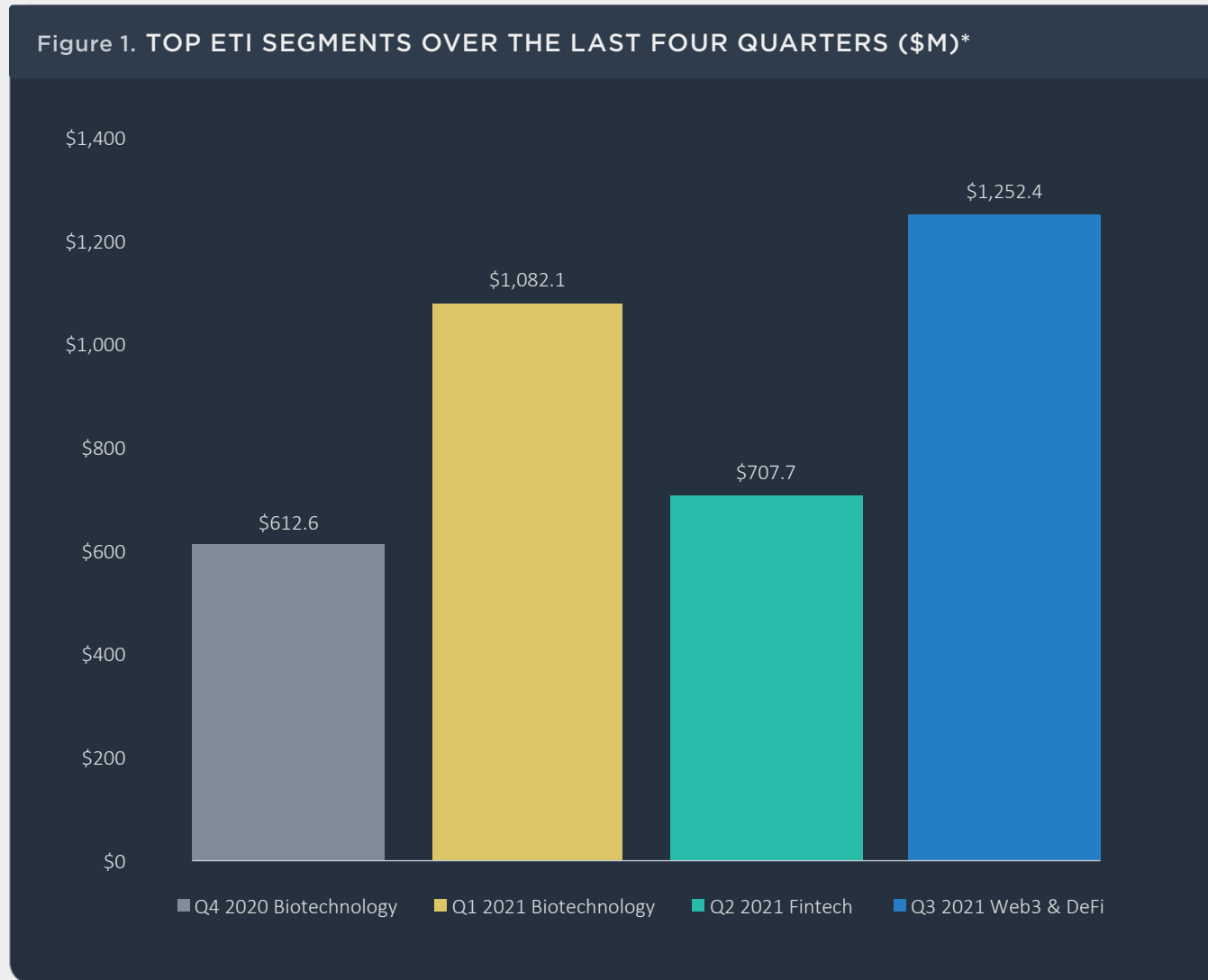
Source: PitchBook | Geography: Global | \*As of September 30, 2021

Note: Trailing 12 month (TTM) through Q4 2020.

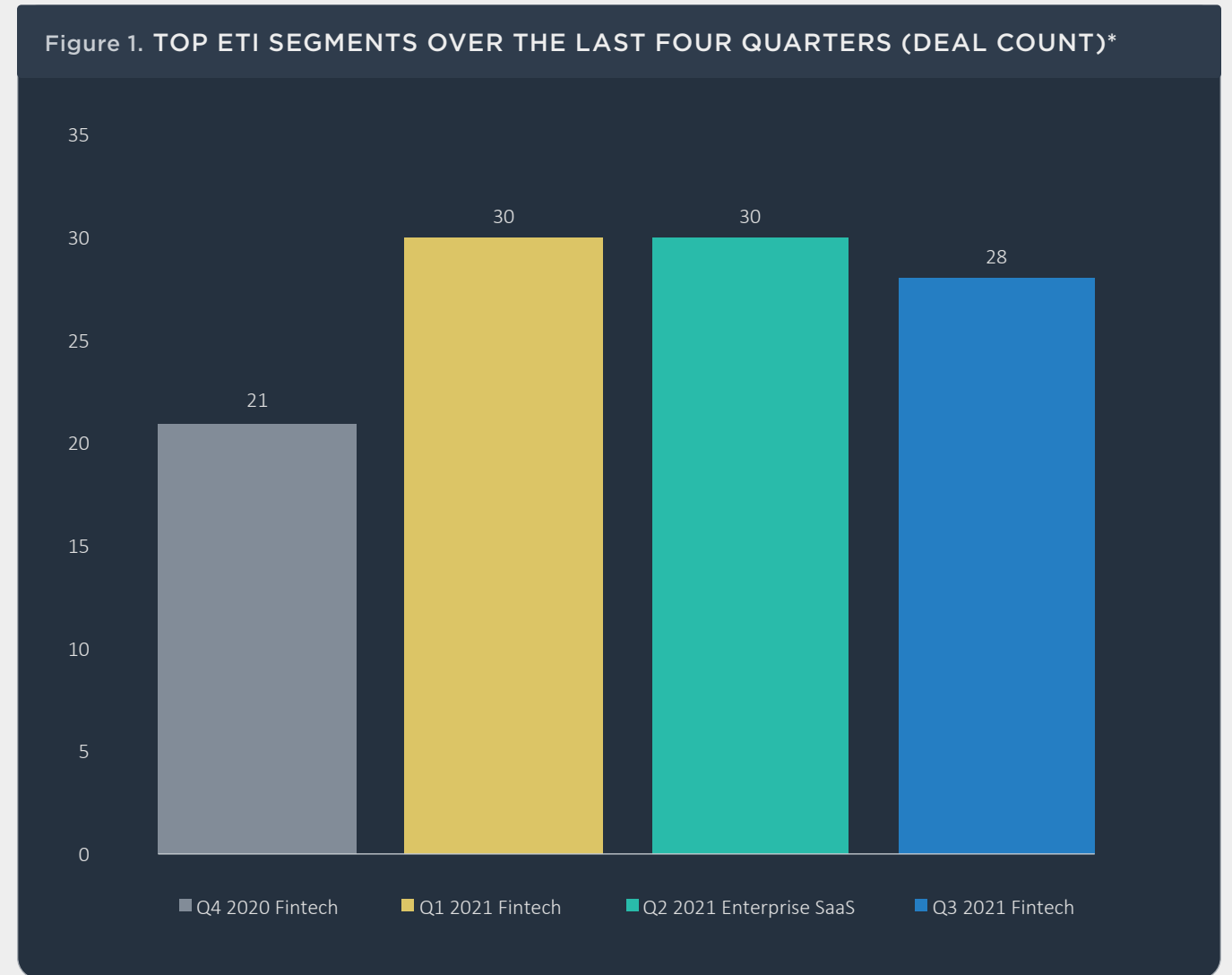




## AREAS OF INVESTMENT



Source: PitchBook | Geography: Global | \*As of September 30, 2021



Source: PitchBook | Geography: Global | \*As of September 30, 2021

# ETI deal segment spotlights

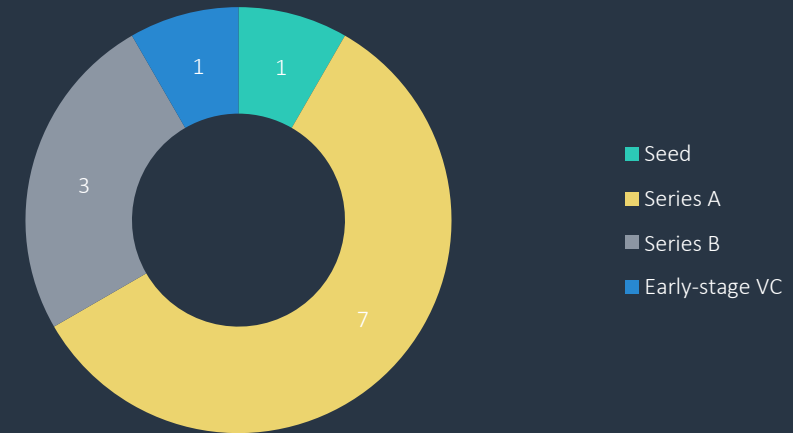


# Web3 & DeFi

Web3 & DeFi was a standout segment of investment in Q3 with \$1.3 billion invested across 12 deals, by far the largest amount we have tracked in a quarter and representing the bulk of the \$1.9 billion invested in the space over the last four quarters. While “Web3” has emerged as a term used to refer broadly to the emerging industry for decentralized software protocols, DeFi can be thought of as the leading product type within it. Despite limited consumer adoption of Web3 products on a broad scale, there are several key trends driving investment, including the growth of marketplaces for trading cryptocurrencies and NFTs, continued fund formation from high-profile investors, and steady development of new protocols and DeFi projects. The whale in Q3 was a \$900 million Series B raised by crypto trading and NFT marketplace FTX, which counts Tom Brady among its high-profile base of investors. Other outsized deals in Q3 include a \$120 million Series B for Offchain Labs, the developer of software used to help scale Ethereum-based protocols; a \$100 million Series B for NFT marketplace OpenSea (now in competition with FTX); and a \$25 million Series A for XMTP, which is developing a protocol that enables crypto wallets to communicate with each other more easily. The expanding NFT economy continues to generate novel business ideas, including Royal Markets, which raised a \$16 million seed round to develop a marketplace where musicians can convert songs into tradeable digital assets that can be valued based on expected or existing royalty streams.

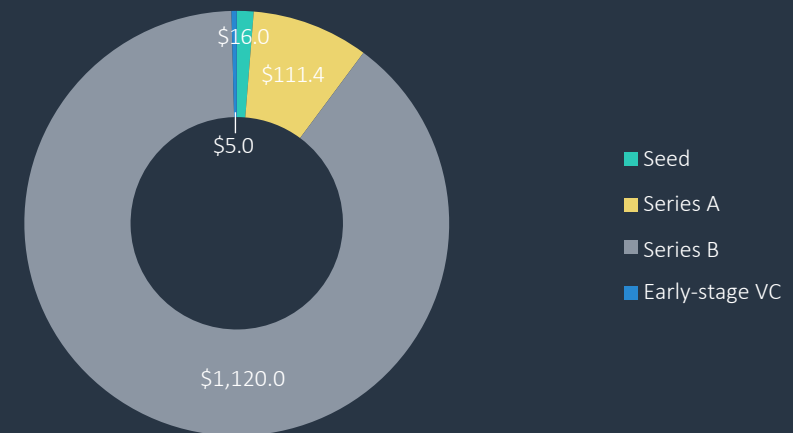
For a more detailed overview of DeFi trends, download PitchBook’s industry primer [here](#).

Figure 6. Q3 2021 WEB3 & DEFI ETI DEAL COUNT\* BY STAGE



Source: PitchBook | Geography: Global | \*As of September 30, 2021

Figure 7. Q3 2021 WEB3 & DEFI ETI DEAL VALUE (\$M)\* BY STAGE



Source: PitchBook | Geography: Global | \*As of September 30, 2021



## WEB3 & DEFI

Figure 8.

### Web3 & DeFi ETI deals

COMPANY	FOCUS	DEAL TYPE	DEAL SIZE (\$M)*	POST-MONEY VALUATION (\$M)*
<b>FTX</b>	Cryptocurrency derivative exchange	Series B	\$900.0	\$18,000.0
<b>Offchain Labs</b>	Developer of Arbitrum Ethereum scaling solution	Series B	\$120.0	\$1,200.0
<b>OpenSea</b>	NFT marketplace	Series B	\$100.0	\$1,500.0
<b>Syndicate</b>	Platform for creating decentralized autonomous organizations	Series A	\$27.5	N/A
<b>XMTP</b>	Crypto wallet communications protocol	Series A	\$24.6	\$64.6
<b>Parallel Finance</b>	Staking and lending token for DeFi liquidity	Series A	\$22.0	\$150.0
<b>Royal Markets</b>	Platform for buying and selling ownership in songs	Seed	\$16.0	\$76.0
<b>Tenderly</b>	Monitoring and analytics developer tool for crypto transactions	Series A	\$15.3	N/A
<b>Phantom</b>	Crypto wallet	Series A	\$9.0	\$59.0
<b>Dune Analytics</b>	Free crypto analytics platform	Series A	\$8.0	N/A
<b>Angle Labs</b>	Decentralized protocol for stablecoin issuance	Early-stage VC	\$5.0	N/A
<b>Stardust</b>	NFT integration platform for gaming	Series A	\$5.0	N/A

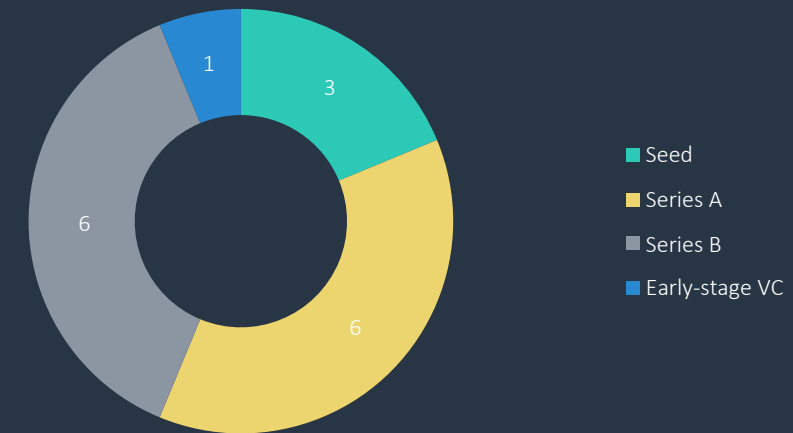
Source: PitchBook | Geography: Global | \*As of September 30, 2021



# Enterprise SaaS

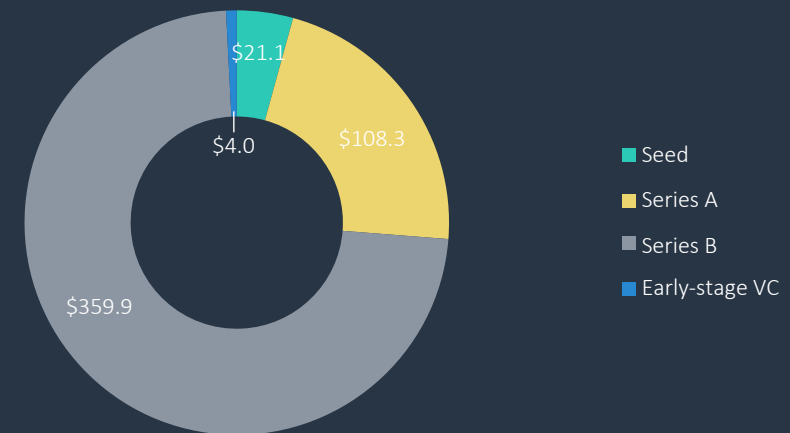
Enterprise SaaS represents a broad category of software and a consistently large area of ETI investment, with more than \$1 billion invested over the last four quarters, and \$493 million invested in Q3. While providers in this segment run the gamut of enterprise use cases, Q3 was notable for the several startups focused on recruiting, onboarding, and other employee management functions. While there are no shortage of SaaS products hitting the market, the ongoing labor shortage along with difficulties large organizations face in filling open roles could be a key driver of investment in software offerings related to hiring. In addition, increased focus on hybrid and remote work, as well as diversity and inclusion initiatives, are creating opportunities to help employers manage related processes. There was only one outsized deal in the segment, a \$150 million Series B for Remote, a startup focused on helping companies hire international workers on a remote basis. The next largest deal was a \$46 million Series B for Pave, which provides a compensation platform that helps employers get a unified view of all the ways they compensate, benchmark, and communicate payment to their workers. Other HR and recruiting startups that raised ETI capital include: Clovers, which offers an intelligent video interview platform with integrated AI features; Crosschq, which provides an automation and analytics platform for checking candidate references; Workstream, which is building a recruiting system based on texting; Dover, which uses an NLP-based system to help employers find and match the best candidates for open roles; and Multiplier, which provides an automated employee onboarding system focused on global workers. At the top of the HR suite, Knoetic is developing a people analytics system aimed primarily at the Chief People Officer role.

Figure 9. Q3 2021 ENTERPRISE SAAS ETI DEAL COUNT\* BY STAGE



Source: PitchBook | Geography: Global | \*As of September 30, 2021

Figure 10. Q3 2021 ENTERPRISE SAAS ETI DEAL VALUE (\$M)\* BY STAGE



Source: PitchBook | Geography: Global | \*As of September 30, 2021



## ENTERPRISE SAAS

Figure 11.  
Enterprise SaaS ETI deals

COMPANY	FOCUS	DEAL TYPE	DEAL SIZE (\$M)*	POST-MONEY VALUATION (\$M)*
<b>Remote</b>	Payroll and benefits management for global employees	Series B	\$150.0	\$1,000.0
<b>Vic.ai</b>	Accounting automation software	Series B	\$50.0	N/A
<b>Workstream</b>	Hiring and onboarding process automation	Series B	\$48.0	\$548.0
<b>Pave</b>	Employee compensation management software	Series B	\$46.0	\$400.0
<b>Preset</b>	Business intelligence and analytics software	Series B	\$35.9	\$235.9
<b>unitQ</b>	Product monitoring and business intelligence platform	Series B	\$30.0	\$120.0
<b>Crosschq</b>	Recruiting platform	Series A	\$29.1	\$79.12
<b>Cocoon</b>	HR management focused on employee leave automation	Series A	\$20.0	\$170.0
<b>Dover</b>	Recruiting and hiring platform	Series A	\$20.0	N/A
<b>Knoetic</b>	HR analytics and integration platform	Series A	\$18.0	\$66.5
<b>Clovers</b>	End-to-end hiring platform	Seed	\$15.0	\$50.0
<b>Thankful</b>	AI-based customer service automation	Series A	\$12.0	N/A
<b>Vitally</b>	Customer success management platform	Series A	\$9.2	N/A
<b>Multiplier Technologies</b>	HR onboarding platform	Early-stage VC	\$4.0	N/A
<b>Folk</b>	CRM system	Seed	\$3.3	N/A
<b>Rattle</b>	Sales operations automation and collaboration tool	Seed	\$2.8	N/A

Source: PitchBook | Geography: Global | \*As of September 30, 2021

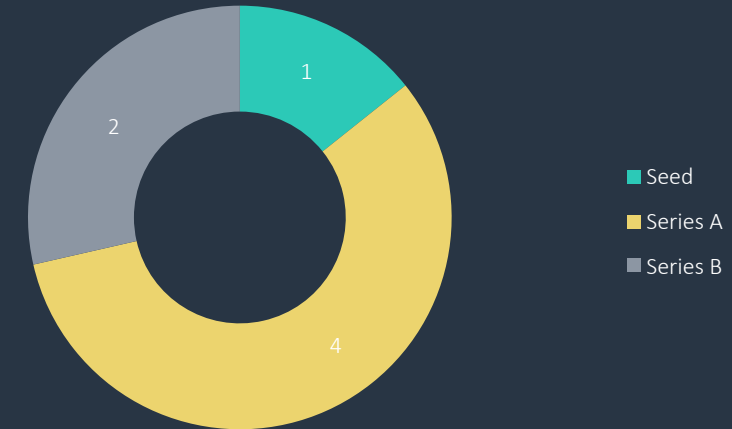


# Supply chain tech

Supply chain tech was the fourth largest segment of ETI investment, generating \$454 million in deal value. However, this was across only seven deals as three outsized transactions accounted for most of the investment. These included a \$170 million Series A for JOKR, a \$130 million Series B for EmergeTech, and a \$100 million Series B for Choco. JOKR is focused on the growing “ultra-fast” food delivery trend that seeks to disrupt grocery stores by offering 15-minute delivery times via a network of local food distributor locations; EmergeTech focuses on the freight shipping ecosystem by offering a data and marketplace platform; and Choco provides an app-based ordering platform for restaurants to source the best food suppliers. As global supply chain disruptions compound, the opportunity to provide tech-driven sourcing and delivery tools will likely attract more investors seeking to exploit inefficiencies in niche markets. Smaller deals in the quarter included a \$20 million Series A for Fashinza, which focuses on apparel manufacturing; a \$12 million Series A for Captain Fresh, which focuses on the seafood value chain in India; and a \$10 million Series A for Novi, which connects chemicals providers to beauty product manufacturers.

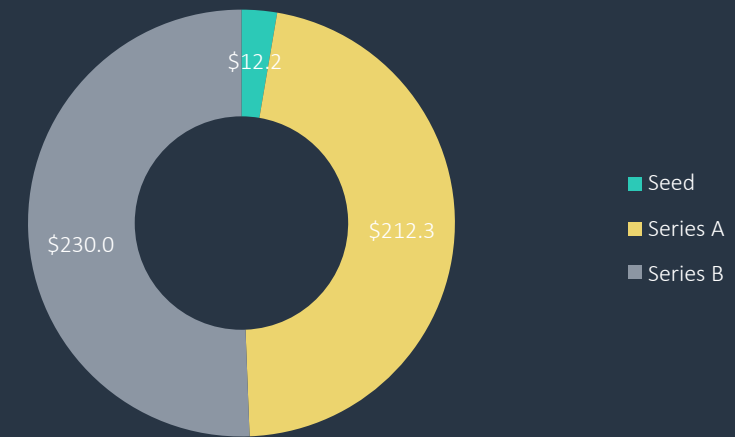
PitchBook clients can access the latest Supply Chain research via the [Research Center](#). Prospective clients can access summary reports [here](#).

Figure 12. Q3 2021 SUPPLY CHAIN TECH ETI DEAL COUNT\* BY STAGE



Source: PitchBook | Geography: Global | \*As of September 30, 2021

Figure 13. Q3 2021 SUPPLY CHAIN TECH ETI DEAL VALUE (\$M)\* BY STAGE



Source: PitchBook | Geography: Global | \*As of September 30, 2021



## SUPPLY CHAIN TECH

Figure 14.

### Supply chain ETI deals

COMPANY	FOCUS	DEAL TYPE	DEAL SIZE (\$M)*	POST-MONEY VALUATION (\$M)*
<b>JOKR</b>	Hyper-fast grocery delivery app	Series A	\$170.0	N/A
<b>EmergeTech</b>	Freight shipping data and marketplace	Series B	\$130.0	N/A
<b>Choco</b>	Supply ordering app for restaurants and food suppliers	Series B	\$100.0	\$600.0
<b>Fashinza</b>	Apparell manufacturing supply chain	Series A	\$20.0	N/A
<b>Sourceful</b>	Supply chain sourcing, stocking and sustainability services	Seed	\$12.2	N/A
<b>Captain Fresh</b>	Supply chain optimization focused on fishing industry	Series A	\$12.0	N/A
<b>Novi</b>	Marketplace for chemicals suppliers to beauty product manufacturers	Series A	\$10.3	\$33.3

Source: PitchBook | Geography: Global | \*As of September 30, 2021

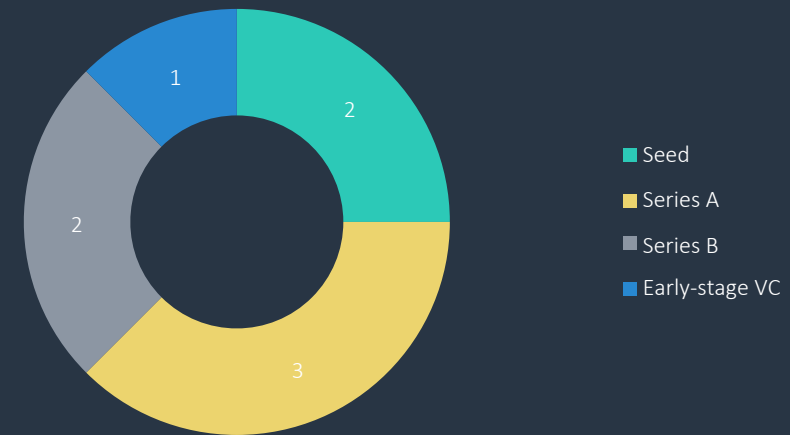




# Gaming

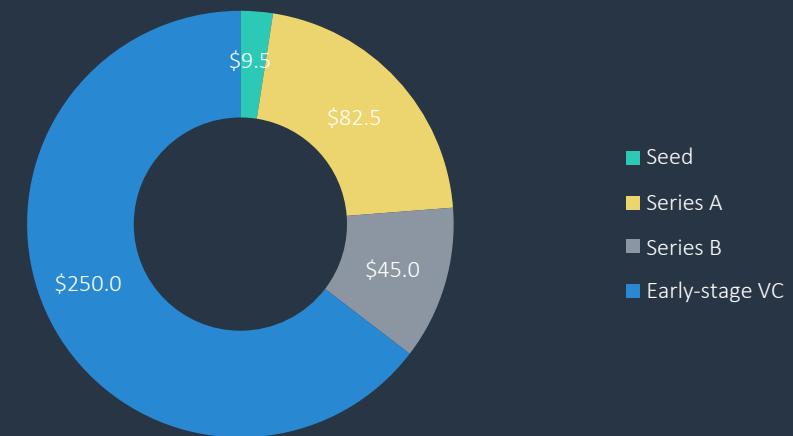
The vast majority of the \$387 million invested into gaming startups (\$250 million) will help Dapper Labs continue to establish its position as a top provider of NFTs and blockchain-based games such as Crypto Kitties. The rest will be spread amongst a handful of startups that, taken together, represent a cross-section of some of the leading trends shaping the digital gaming industry. This includes cross-play, or ensuring gamers get the same experience across all devices (Elodie's \$33 million round); VR technology applied to social gaming experiences for nostalgic activities such as bowling (ForeVR's \$7 million seed round); multi-player games meant to bring people together and create memorable experiences (Mountaintop Studio's \$30 million Series A and Singularity 6's \$30 million Series B); app-based social card and board games (GetMega's \$15 million Series B); and—completing the landscape—gambling, which includes betting on random events (Probo's \$2.5 million seed round) and virtual horse racing (Virtually Human Studio's \$20 million Series A).

Figure 15. Q3 2021 GAMING ETI DEAL COUNT\* BY STAGE



Source: PitchBook | Geography: Global | \*As of September 30, 2021

Figure 16. Q3 2021 GAMING ETI DEAL VALUE (\$M)\* BY STAGE



Source: PitchBook | Geography: Global | \*As of September 30, 2021



## GAMING

Figure 17.  
Gaming ETI deals

COMPANY	FOCUS	DEAL TYPE	DEAL SIZE (\$M)*	POST-MONEY VALUATION (\$M)*
<b>Dapper Labs</b>	Blockchain based gaming and NFT platform	Early-stage VC	\$250.0	\$7,600.0
<b>Elodie</b>	Cross-platform gaming studio	Series A	\$32.5	\$97.0
<b>Mountaintop Studios</b>	Multi-player gaming studio	Series A	\$30.0	\$85.0
<b>Singularity 6</b>	Online multi-player gaming	Series B	\$30.0	\$210.0
<b>Virtually Human Studio</b>	Reality gaming experience for virtual horse racing	Series A	\$20.0	N/A
<b>GetMega</b>	Social gaming apps	Series B	\$15.0	\$75.0
<b>ForeVR</b>	VR gaming	Seed	\$7.0	\$28.0
<b>Probo</b>	Consumer app for betting on events and opinions	Seed	\$2.5	\$8.9

Source: PitchBook | Geography: Global | \*As of September 30, 2021

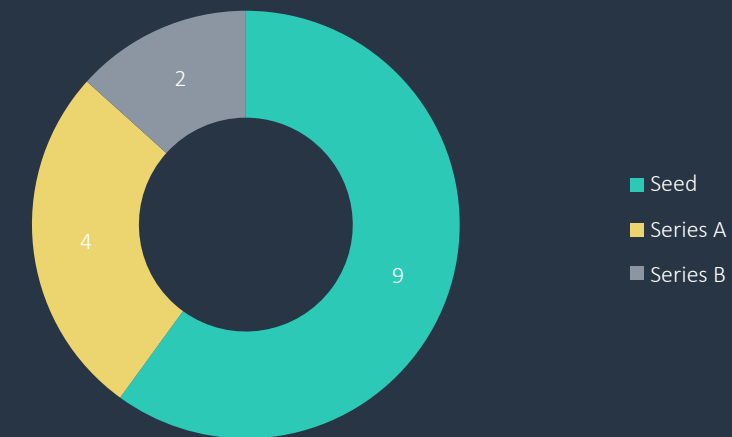


# DevOps

While DevOps startups only attracted \$178 million in ETI capital (the twelfth largest segment in our list), it had the third highest number of deals (15) behind fintech and enterprise SaaS, nine of which were seed rounds for which deal size was not made public. The DevOps ecosystem continues to expand, with successful providers in the space achieving successful exits (GitLab) and mega-valuations (Stripe). ETI deals in the DevOps space paint a picture of the many ways the software development value chain is generating niche opportunities for new software products that can help developer and IT teams speed up and automate processes. These include startups focused on helping developers analyze and debug code (Replay.io, Fig, and R2C), startups selling APIs to make software development easier (Appwrite, Mindee), software that can help IT teams monitor and manage complex IT infrastructure (Incident.io, Avenue, Infracost), and software that enables “citizen developers” to automate processes via low-code platforms (Stacker, ShadowBot, Visor).

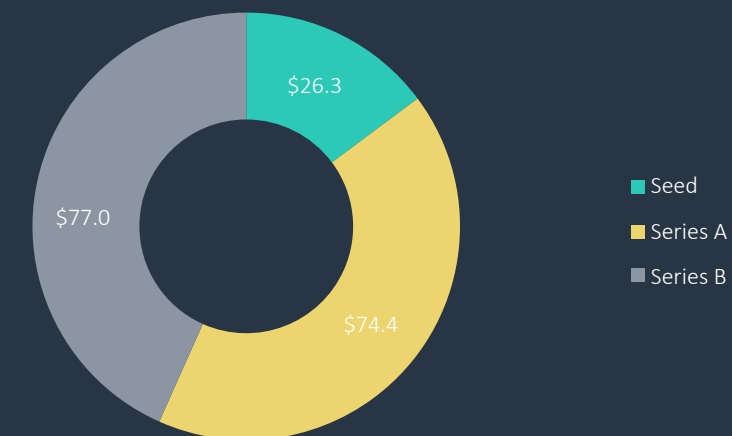
PitchBook clients can access the latest DevOps research via the [Research Center](#). Prospective clients can access summary reports [here](#).

Figure 18. Q3 2021 DEVOPS ETI DEAL COUNT\* BY STAGE



Source: PitchBook | Geography: Global | \*As of September 30, 2021

Figure 19. Q3 2021 DEVOPS ETI DEAL VALUE (\$M)\* BY STAGE



Source: PitchBook | Geography: Global | \*As of September 30, 2021



## DEVOPS

Figure 20.

### DevOps ETI deals

COMPANY	FOCUS	DEAL TYPE	DEAL SIZE (\$M)*	POST-MONEY VALUATION (\$M)*
<b>ShadowBot</b>	Low code robotic process automation	Series B	\$50.0	N/A
<b>Stytch</b>	APIs for developing user onboarding experiences	Series A	\$30.0	\$205.0
<b>R2C</b>	Code vulnerability analyzer tool	Series B	\$27.0	\$177.0
<b>Stacker</b>	Low code business app builder	Series A	\$20.0	N/A
<b>Mindee</b>	Developer APIs for document processing	Series A	\$14.0	N/A
<b>Statsig</b>	Feature testing and impact analytics platform	Series A	\$10.4	\$40.4
<b>Replay.io</b>	Software debugging tools	Seed	\$5.7	N/A
<b>Visor</b>	Low code in-spreadsheet project management builder	Seed	\$5.0	\$12.0
<b>incident.io</b>	Slack-integrated incident response platform	Seed	\$4.7	N/A
<b>Avenue</b>	Operations monitoring and incident response platform	Seed	\$4.0	N/A
<b>Infracost</b>	Cloud management tool for estimating cloud costs	Seed	\$2.2	N/A
<b>Fig</b>	Coding auto-complete tool for developers	Seed	\$2.2	N/A
<b>Porter</b>	Application deployment managing and automation	Seed	\$1.5	N/A
<b>Serverless Stack</b>	Developer framework for building serverless applications	Seed	\$1.0	\$11.0
<b>Appwrite</b>	API-based back-end integration software	Seed	N/A	N/A

Source: PitchBook | Geography: Global | \*As of September 30, 2021



# Other notable activity

- **Industrial tech innovation:** Industrial tech represents a broad mix of startups that produce innovative hardware in areas including robotics, 3D printing, materials science, and industrial-focused software applications. Among the largest deals in the quarter was a \$150 million Series B for Rebellion Defense that resulted in a \$1.2 billion post-money valuation. The company primarily concentrates on using AI to build software for governments focused on security and national defense. Rapid Robots raised a healthy \$37 million Series B to advance its line of low-cost, easy-to-install robotic arms that can fulfill several industrial use cases. Other industrial tech deals in the quarter include Capmo, which provides a project management platform for construction jobs, and additive manufacturer Holo, which develops 3D-printed metal parts.
- **Property tech innovation:** Property tech deals continue to highlight the many ways in which startups are redefining the travel and real estate industry. On the financial side, Landis (\$165 million Series A) is helping home buyers live in and rent their new homes while they build up down payments to complete a purchase, and Properly (\$35 million Series B) is providing a sale-assurance platform enabling buyers to purchase a new home before they sell their current house. On the temporary living front, Wander (\$7 million early-stage VC round) seeks to differentiate itself from AirBnB by owning all its rental inventory to better manage quality control; and Jupe (deal information not available) is hoping to capitalize on the opportunity to help landowners generate extra rental income by offering stays in portable outdoor dwelling units. In addition, Sugar (\$2.5 million seed round) is building a social app aimed at engaging community residents (for example, apartment buildings and dorms) and property managers.
- **Subscription veterinary care:** As spending on pet products has grown tremendously in recent years, many startups are seeking to redefine the veterinary care experience. Modern Animal's \$40 million Series B (on a \$300 million post-money valuation) will help the startup build a subscription veterinary care platform that includes a chain of high-end clinics and 24/7 telemedicine services. The venture appears especially prescient given the pressures facing the veterinary care industry in recent months as the pandemic, labor shortages, and supply chain issues have led to a shortage of veterinarians.



## OTHER NOTABLE ACTIVITY

Figure 21.

### Q3 2021 ETI market segment deal activity

MARKET SEGMENT	DEAL VALUE (\$M)*	DEAL COUNT*
Web3 & DeFi	\$1,252.4	12
Fintech	\$860.3	28
Enterprise SaaS	\$493.3	16
Supply chain tech	\$454.5	7
Gaming	\$387.0	8
E-commerce	\$275.7	8
Industrial tech	\$267.8	9
Proptech	\$238.2	8
Biotechnology	\$234.2	4
AI & ML	\$212.8	7
Infosec	\$179.4	5
DevOps	\$177.7	15
Foodtech	\$145.7	6
Data tech	\$127.8	6
Communication & collaboration	\$119.2	3
Healthtech and wellness	\$114.8	11

Source: PitchBook | Geography: Global | \*As of September 30, 2021

MARKET SEGMENT	DEAL VALUE (\$M)*	DEAL COUNT*
Insurtech	\$80.9	2
Consumer	\$78.1	5
Services	\$66.7	4
AR/VR	\$45.2	3
Space technology	\$42.0	1
Media & events	\$40.2	7
Adtech & Martech	\$39.9	3
IoT	\$22.1	2
Climate tech	\$20.8	1
Social	\$20.0	1
Legaltech	\$16.3	2
Agtech	\$6.5	1
Stealth	\$6.0	1
Mobility tech	\$6.0	1
Edtech	\$4.9	2

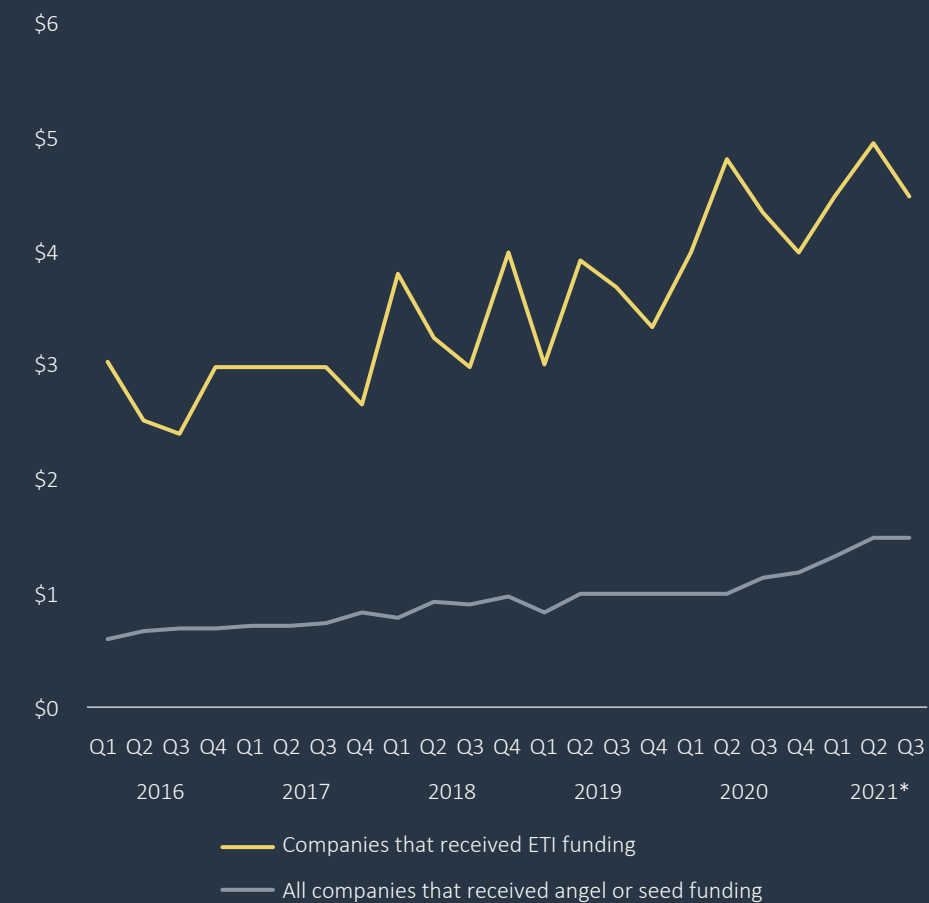
Source: PitchBook | Geography: Global | \*As of September 30, 2021



# Venture activity summary

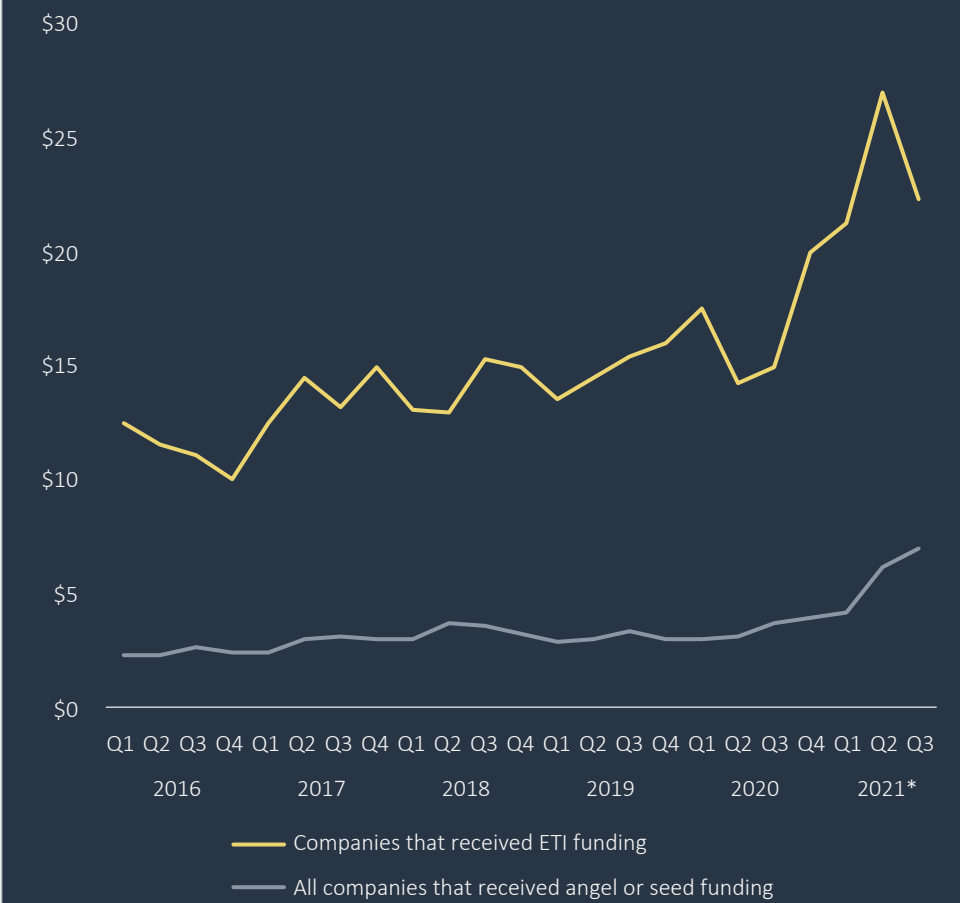
Median ETI deal sizes have steadily increased in recent years across both angel & seed and the early stages, a reflection of steady VC industry growth, rising valuations, and a generally founder-friendly environment. The median angel & seed deal size declined slightly to \$4.5 million in Q3 2021, down from Q2's \$5 million but still near record levels, while the median early-stage deal size was \$22.3 million, down from Q2's record \$27 million. ETI deal sizes tend to run 3x to 5x larger than medians across the entire VC industry (with the gap expanding in recent years). This likely reflects several factors, including the tendency for our ETI investor cohort to be larger, multi-stage investors; their ability to obtain larger stakes in startups;

Figure 22. MEDIAN ANGEL & SEED ETI DEAL VALUE (\$M)



Source: PitchBook | Geography: Global | \*As of September 30, 2021

Figure 23. MEDIAN EARLY-STAGE ETI DEAL VALUE (\$M)



Source: PitchBook | Geography: Global | \*As of September 30, 2021



## VENTURE ACTIVITY SUMMARY

and the higher likelihood of co-investment, which usually implies larger potential rounds. Early-stage startups are also seeking capital at more advanced stages of maturity relative to several years ago, increasing their ability to raise larger early-stage VC rounds.

See the Q3 2021 Venture Monitor [here](#).



Figure 24. MEDIAN ANGEL & SEED ETI PRE-MONEY VALUATIONS (\$M)



Source: PitchBook | Geography: Global | \*As of September 30, 2021

Figure 25. MEDIAN EARLY-STAGE ETI PRE-MONEY VALUATIONS (\$M)



Source: PitchBook | Geography: Global | \*As of September 30, 2021

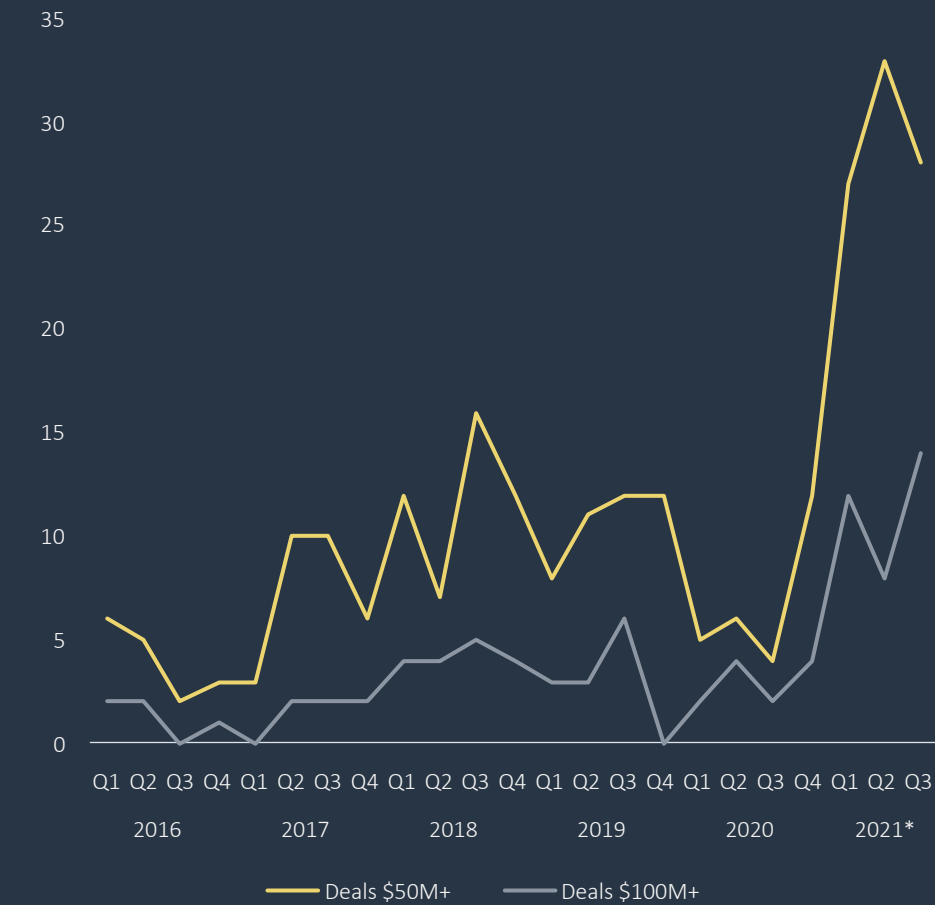




## VENTURE ACTIVITY SUMMARY

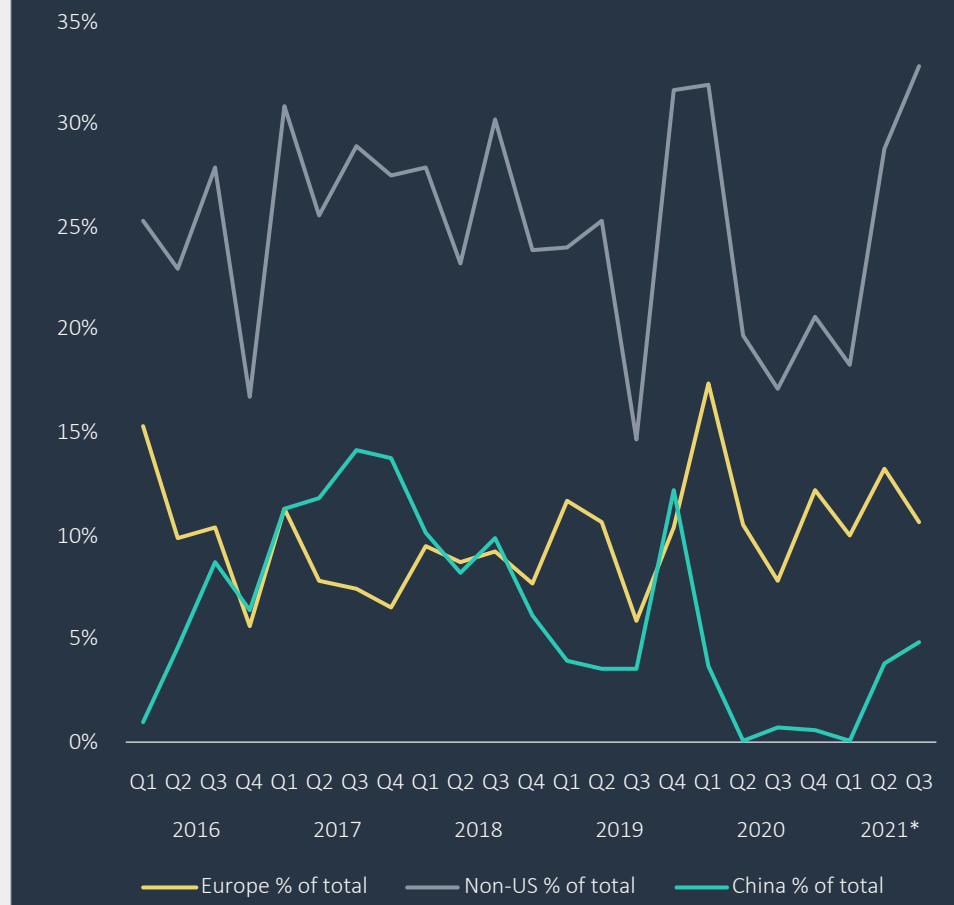
There were 28 ETI deals \$50 million or larger (down from Q2's 33) and 14 \$100 million or larger (up from Q2's eight) in the quarter. Deal sizes remain well above historical averages and reflect generally rising pre-money valuations and deal sizes. Non-US deals represented 33% of the total in Q3, well above the historical average of 25% and up from Q2's 29%. Europe represented 11% of total deals and China represented 5%, as VC activity in the late stage remained buoyant despite government crackdowns on the tech industry.

Figure 26. ETI DEAL COUNT OVER \$50M AND \$100M



Source: PitchBook | Geography: Global | \*As of September 30, 2021

Figure 27. ETI DEAL COUNT BY REGION



Source: PitchBook | Geography: Global | \*As of September 30, 2021



# Emerging tech indicator investor ranking

## Purpose:

We seek to identify leading venture capital firms based on combining their performance on three factors related to their investment history. The ranking attempts to reward firms with a strong track record across the three factors, while still allowing for firms with a shorter history to be surfaced as well.

## Factors:

### Exit percentage

- Ratio of successful exits to the total number of exit opportunities.
- Investments must be at least five years old OR have an exit to qualify as an exit opportunity.
  - The five-year threshold is present to allow for investments to sufficiently move toward an exit event. For example, it would be unfair to include a deal done one month ago as a “failed” exit opportunity, when the company has had no reasonable time to reach an exit event.
- Investor must have at least 15 exit opportunities to be included.

### Follow-on percentage

- Ratio of the count of companies which raise a subsequent round of funding after a round which the investor led, over the number of opportunities.
- Only investments which are at least two years old or have a follow-on are included as follow-on opportunities.
  - The two-year threshold is present to allow companies sufficient time to raise a subsequent round of funding.

- Companies which exit immediately after investor-led round are not included in this metric (numerator or denominator).
- Investor must have at least 15 follow-on opportunities to be included.

### Average CAGR of valuation change between rounds

- Average annualized valuation step-up (post-money to pre-money) between investor led round, and the following round.
- Must be at least one year in between the rounds.
  - This avoids massive CAGRs that result from very short time periods between funding rounds.
- Investor must have at least 15 follow-on opportunities, with the necessary valuation information, to be included.

## Score weighting:

Each of the above factors is weighted by multiplying the value (that is, percentage of successful exits) by the cubed root of the count of values present for that factor. This allows for investors with a long track record of success to be rewarded, while dampening the effect of the sample size to the point where investors with a short track record can be surfaced.

After each factor is weighted, we apply a cumulative distribution function to each factor in isolation, where each investor’s score is ranked 0-1 relative to the weighted scores of the other qualifying investors.

The final composite score is then calculated by taking the geometric mean of the resultant ranking for each factor.



# About PitchBook Emerging Tech Research

## Independent, objective and timely market intel

As the private markets continue to grow in complexity and competition, it's essential for investors to understand the industries, sectors and companies driving the asset class.

Our Emerging Tech Research provides detailed analysis of nascent tech sectors so you can better navigate the changing markets you operate in—and pursue new opportunities with confidence.

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