PitchBook

EMERGING TECH RESEARCH

Artificial Intelligence & Machine Learning Report

VC trends and emerging opportunities

REPORT PREVIEW

The full report is available through the PitchBook Platform.

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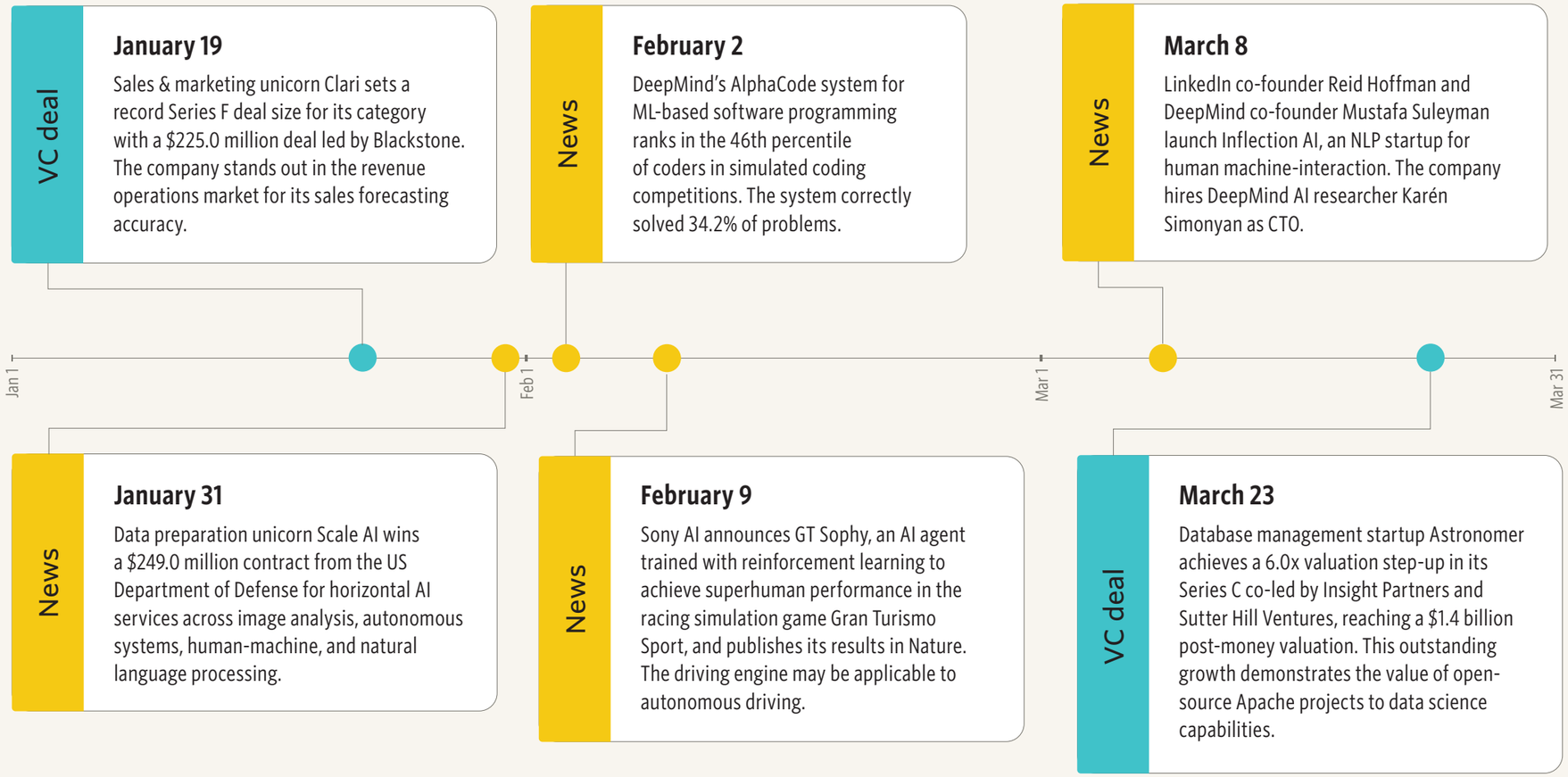
Q1 2022 timeline



Q1 VC activity

1,487
total deals

$23.9B
total VC raised

-21.1%
deal value growth QoQ

YTD summary

1,487
total deals

$23.9B
total VC raised

-9.0%
deal value growth YoY

AI & ML VC ecosystem market map

Click to view the interactive market map on the PitchBook Platform.

Market map is a representative overview of venture-backed or growth-stage providers in each segment. Companies listed have received venture capital or other notable private investments.

Horizontal platforms

- AI automation platforms
- AI core
- Computer vision
- Natural language technology

Vertical applications

- Consumer
- Financial services
- Healthcare
- Industrial
- IT
- Transportation

Semiconductors

- Edge AI software
- Intelligent sensors & devices
- Processor design

Autonomous machines

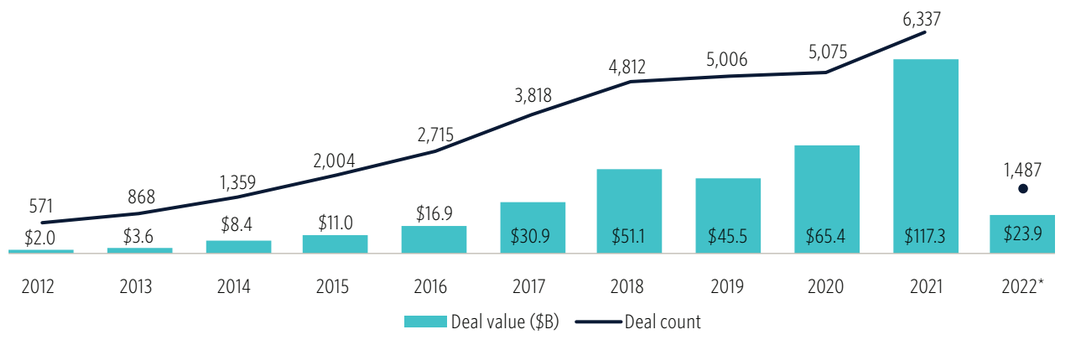
- Autonomous vehicles
- Intelligent robotics

VC activity

AI & ML VC investment slumped in line with the market but retained resilient valuations as the market sorts through the fallout from the tech crash. Funding slumped 21.1% QoQ to $23.9 billion yet remained in line with quarters prior to Q4 2021. Median late-stage valuation rose 11.1% from $90.0 million in 2021 to $100.0 million in Q1 2022, in line with the broader market. VC funding was driven by healthcare, autonomous vehicles, and natural technologies including Conversational AI and NLP. We tracked a record $1.5 billion deal value for quantum AI startup SandboxAQ in its spin-out from Google. Most of the 70 categories we track are on pace to decline in funding this year, with notable exceptions including accounting automation, autoML, genetic analytics, and supply chain optimization.

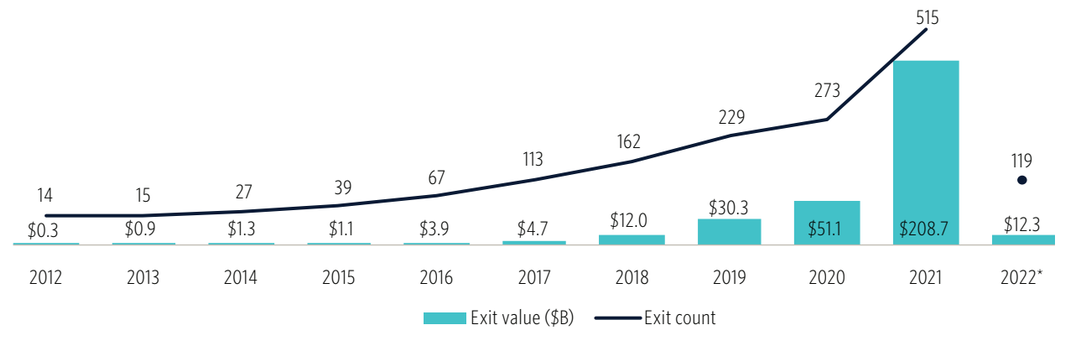
VC exit values regressed from 2021's boom in chillier market conditions. China drove the IPO market with two IPOs over $1.0 billion for DeepGlint and AInnovation. The SPAC market remained open for AI-integrated companies including Core Scientific and SES. The acquisition market cooled with tech giants failing to make mega-acquisitions of $100 million or more. Numerous companies achieved high exit values with MOICs under 3.0x, indicating poor results for their investors. A challenging fundraising environment may encourage more flat or down exits for companies that raised excessive capital during a bull market. Our outlook for an uptick in AI mega-exits has been pushed out until market conditions improve and companies can bear the high operating costs of building sophisticated AI models.

Figure 2. AI & ML VC deal activity



Source: PitchBook | Geography: Global | *As of March 31, 2022

Figure 3. AI & ML VC exit activity



Source: PitchBook | Geography: Global | *As of March 31, 2022

Figure 8. **Key AI & ML early-stage VC deals**

Company	Close date	Subsegment	Stage	Deal size ($M)*	Lead investor(s)	Valuation step-up
Black Crow AI	March 31, 2022	Ad targeting	Series A	$25.3	Imaginary Ventures	4.5x
Skan	March 30, 2022	Computer vision	Series B	$40.0	Dell Technologies Capital	4.7x
Yokoy	March 29, 2022	Accounting automation	Series B	$80.0	Sequoia Capital	4.5x
Selector	March 15, 2022	AiOps	Series A	$28.0	Atlantic Bridge Capital, SineWave Ventures, Two Bear Capital	53.8x
Greyscale AI	March 11, 2022	Computer vision	Series A	$11.4	APA Venture Partners	9.6x
Devron	March 3, 2022	Model development tools	Series A1	$13.8	Tiger Global Management	4.4x
Luminous	March 3, 2022	Chips	Series A	$105.0	Horsley Bridge Partners, Modern Venture Partners, Alumni Ventures	N/A
Celestial AI	February 4, 2022	Chips	Series A	$56.0	Koch Disruptive Technologies	3.6x
Atlas Health	January 25, 2022	Personal health	Early-stage VC	$41.5	Felicis Ventures	13.7x
Sylvera	January 25, 2022	Energy automation	Series A	$34.0	Index Ventures, Insight Partners	7.0x

Source: PitchBook | Geography: Global | *As of March 31, 2022

Figure 13. **Top VC-backed horizontal platform companies by total VC raised to date**

Company	VC raised to date ($M)*	Segment	Subsegment
Databricks	$3,497.4	Horizontal platforms	Data preparation platforms
SandboxAQ	$1,500.0	Horizontal platforms	Quantum AI
Face++	$1,258.0	Horizontal platforms	Computer vision
Trax Technology	$1,087.5	Horizontal platforms	Computer vision
DataRobot	$1,048.1	Horizontal platforms	AIaaS
Dataminr	$1,047.4	Horizontal platforms	NLP
Automation Anywhere	$973.0	Horizontal platforms	RPA
Uniphore	$711.3	Horizontal platforms	Conversational AI
Dataiku	$647.8	Horizontal platforms	AIaaS
Scale AI	$602.7	Horizontal platforms	Data preparation platforms

Source: PitchBook | Geography: Global | *As of March 31, 2022

databricks

Founded
2013

1,700 employees
in 20 offices globally

Total raised:
$3.5B

Leader in Gartner Magic Quadrant for Data Science and Machine Learning Platforms

Last financing valuation:
$38.0B

Last financing:
Raised $1.6M in a Series H

Lead investors:
Franklin Templeton Investments, Andreessen Horowitz, NEA

Business overview

Founded in 2013, Databricks offers a data science platform that includes AIaaS functionality with a suite of data science tools for data engineering, data warehousing, and machine learning algorithms. The company grew out of the open-source Apache Spark data science community and created an extensible Unified Data Analytics Platform that can ingest data from enterprise silos and prepare it for cluster-based computing. Once an effective open-source product was in place, the company moved to a closed-source model and rapidly grew revenue beginning in 2016.

Databricks now offers a product suite on top of Apache Spark that includes notebooks for ML model collaboration, a data lake, and data security. In Q4 2021, the company made its second acquisition—of 8080 Labs, an open-source startup that enables low-code Python development. 8080 Labs' products allow correlation of multiple data types using Python, thereby demonstrating the opportunity to expand data formats in modern data lakes. We believe streaming data analytics will become a priority in the future.

Leadership

Databricks' management has high technical expertise capable of generating product-led growth. The company was founded by seven early contributors to the popular open-source data science framework Apache Spark, and all the cofounders remain at the company. CEO and co-founder Ali Ghodsi earned a Ph.D. in distributed computing and was VP of engineering before being promoted to CEO at the start of the company's growth phase in 2016. CFO Dave Conte previously took Splunk (NASDAQ: SPLK) public in the same role, which suggests Databricks' accounts will be ready for scrutiny by public markets. The board features co-founders and VC investors, including a16z co-founder Ben Horowitz. In Q3 2021, the company added Google's former Head of Product Security Fermín Serna as Chief Information Security Officer and Salesforce's former President of North America Andy Kofoid as President of Global Field Operations, bolstering its public company experience.

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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