



 EMERGING TECH RESEARCH

Gaming Report

VC trends and emerging opportunities

Q1
2023





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For previous updates as well as our complete gaming research, please see the designated [analyst workspace](#) on the PitchBook Platform.

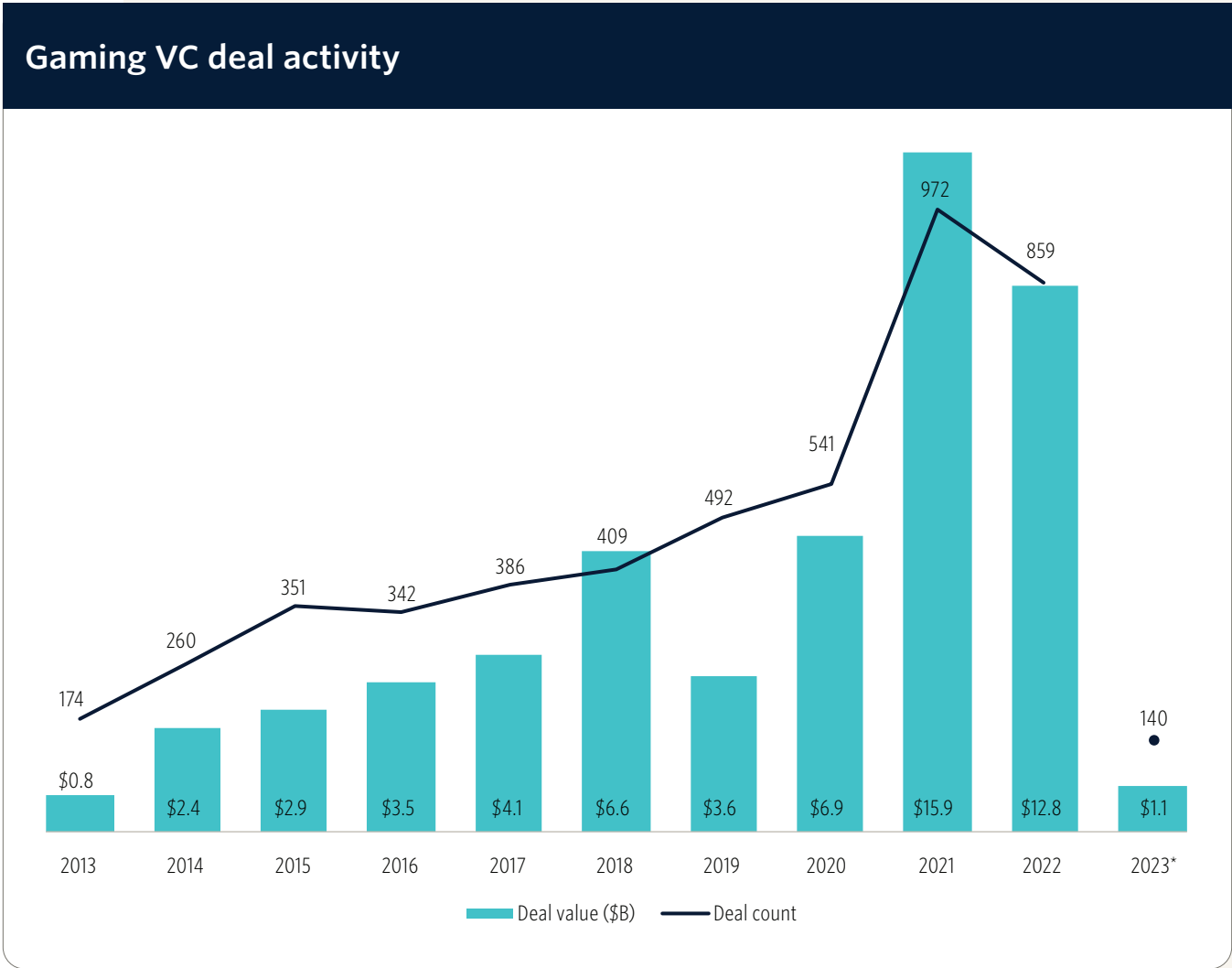


Vertical overview

PitchBook’s coverage of the video game startup ecosystem spans the totality of the game development cycle. This includes product development technologies, operations services, access & experience platforms, and games themselves. Gaming boasts tremendous technological, geographic, and business model diversity. The industry is interwoven with innovation in adjacent verticals, such as Web3, cloud computing, and artificial intelligence, and is on the path to entertainment dominance. Today, game sales vastly exceed the revenue generated by all major US sports, digital music sales, and cinema box office sales combined.

Gaming VC activity in Q1 2023 extended a decline in deal activity dating back to the end of 2021. Startups raised \$1.1 billion across 140 deals, a 10.7% increase in QoQ deal value and 75.7% decrease in deal value YoY. Exit activity was similarly muted in Q1 with \$200.0 million in value generated across nine deals, compared with \$100.0 million in Q4, as exits remain well below 2020 and 2021 totals. While the COVID-19 pandemic fueled a step-function increase in gameplay activity, the industry has seen a regression in game and console sales and [Twitch](#) streaming hours, alongside challenging macroeconomic conditions that include rising acquisition costs and recession uncertainty. Consumer spending is also receding from pandemic-induced highs, totaling \$4.6 billion domestically in March 2023, down 5.0% YoY.¹

The gaming ecosystem presents a unique tapestry of maturing and emerging technologies as well as numerous geographic trends. Content developers and development startups continue to account for a large portion of early-stage funding, while operations, experience, and access segments generally accrue more of the available late-stage capital. North America has increased



Source: PitchBook • Geography: Global • *As of March 31, 2023

1: [“US Game Revenue Down 5% to \\$4.6bn in March, Says Circana | US Monthly Charts,” GamesIndustry.biz, Jeffery Rousseau, April 19, 2023.](#)

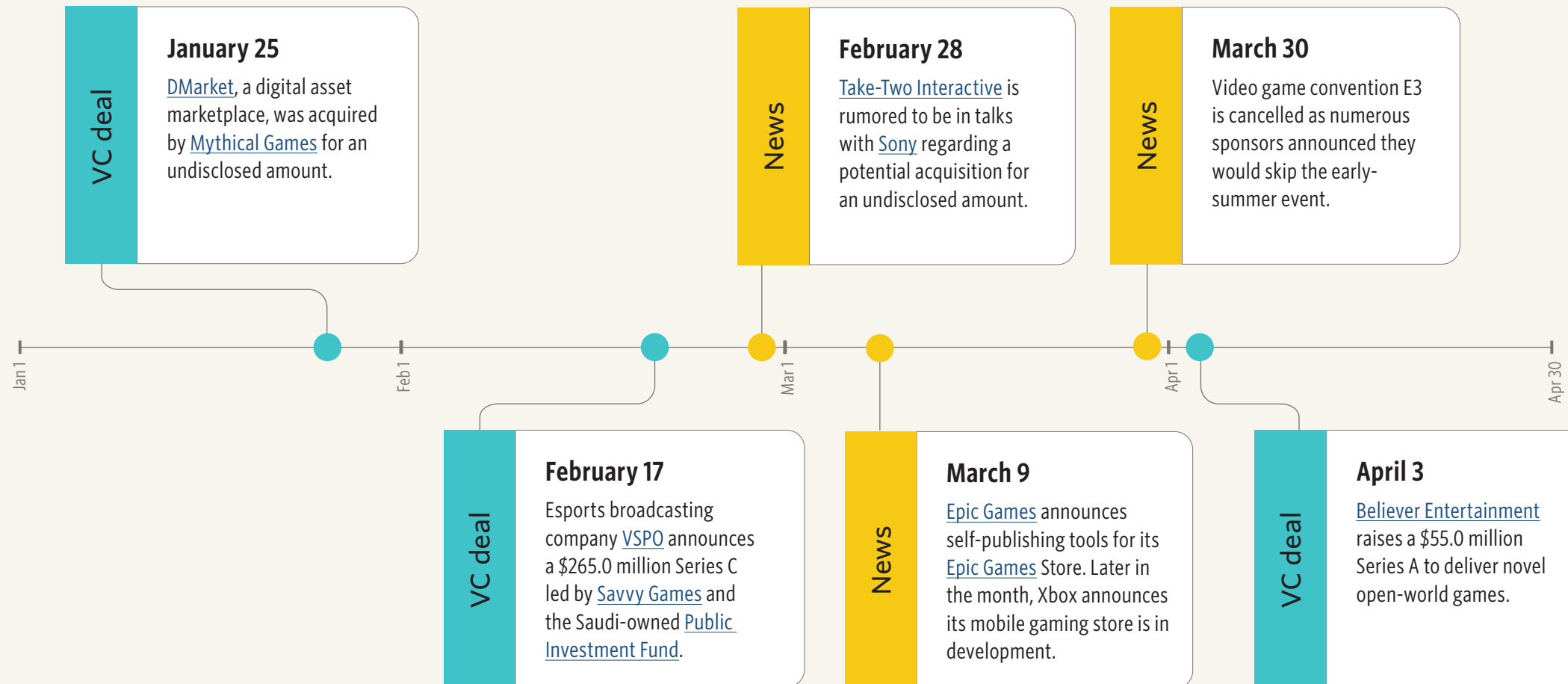


VERTICAL OVERVIEW

its share of VC deal value YoY since 2016. Europe's ecosystem has also grown consistently, albeit at a slower pace. The Middle East and North Africa (MENA) region represents a small but high-growth geography spurred by high-visibility, government-led initiatives. The gaming ecosystem as a whole is intensely competitive, and developers compete for user attention with all other forms of digital entertainment and deep-pocketed technology platforms like [Amazon](#), [Microsoft](#), and [Netflix](#). Despite enthusiasm for emerging technologies, like blockchain and generative AI, our conversations with investors continue to emphasize outstanding content as the most viable path for outsized returns.



Q1 2023 timeline



Q1 VC deal count summary

140
total deals

20.7%
QoQ growth

-56.4%
YoY growth

-75.7%
YTD growth

Q1 VC deal value summary

\$1.1B
total deal value

10.7%
QoQ growth

-75.7%
YoY growth

-75.7%
YTD growth



Gaming landscape

- 1 Development
- 2 Operations
- 3 Access
- 4 Content
- 5 Experience

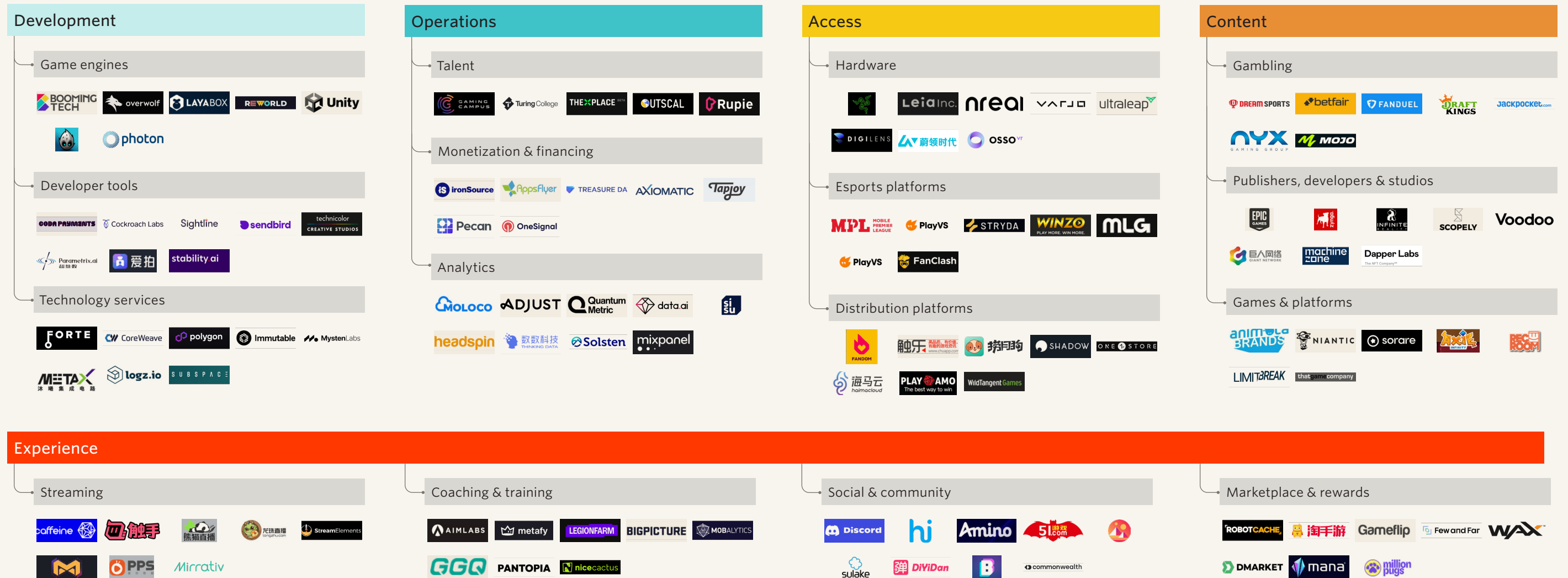




Gaming VC ecosystem market map

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.





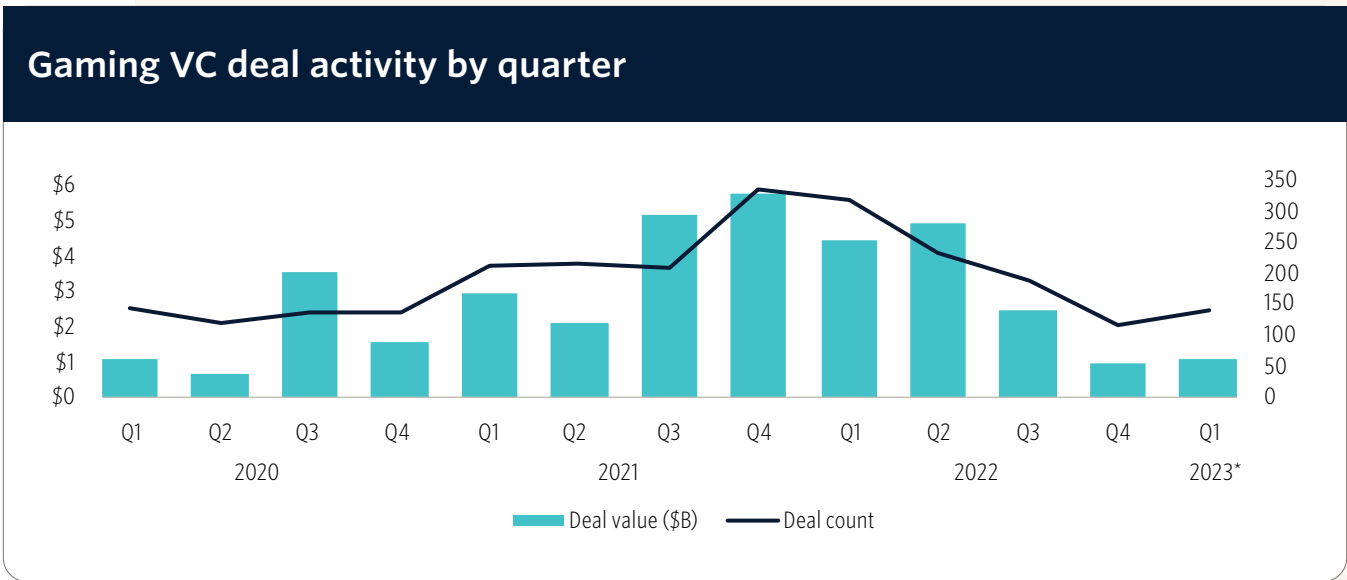
VC activity

Gaming startups raised \$1.1 billion across 140 deals in Q1 2023. QoQ deal value ticked up slightly, increasing 10.7% compared with Q4. Deal count also increased a healthy 20.7% QoQ. YoY trends are less rosy with deal value and count decreasing by 75.7% and 56.4%, respectively, which extends a QoQ decline in activity dating back to Q4 of 2021. The development and content segments accounted for the largest funding totals with \$321.8 million and \$504.0 million in deal value, respectively, on the back of relatively strong funding for developer tools (\$264.6 million) and content developers & publishers (\$338.3 million). Notable VC deals in Q1 include [Character.ai](#)'s \$150.0 million Series A, [Believer Entertainment](#)'s \$55.0 million Series A, and [LandVault](#)'s \$39.4 million early-stage deal.

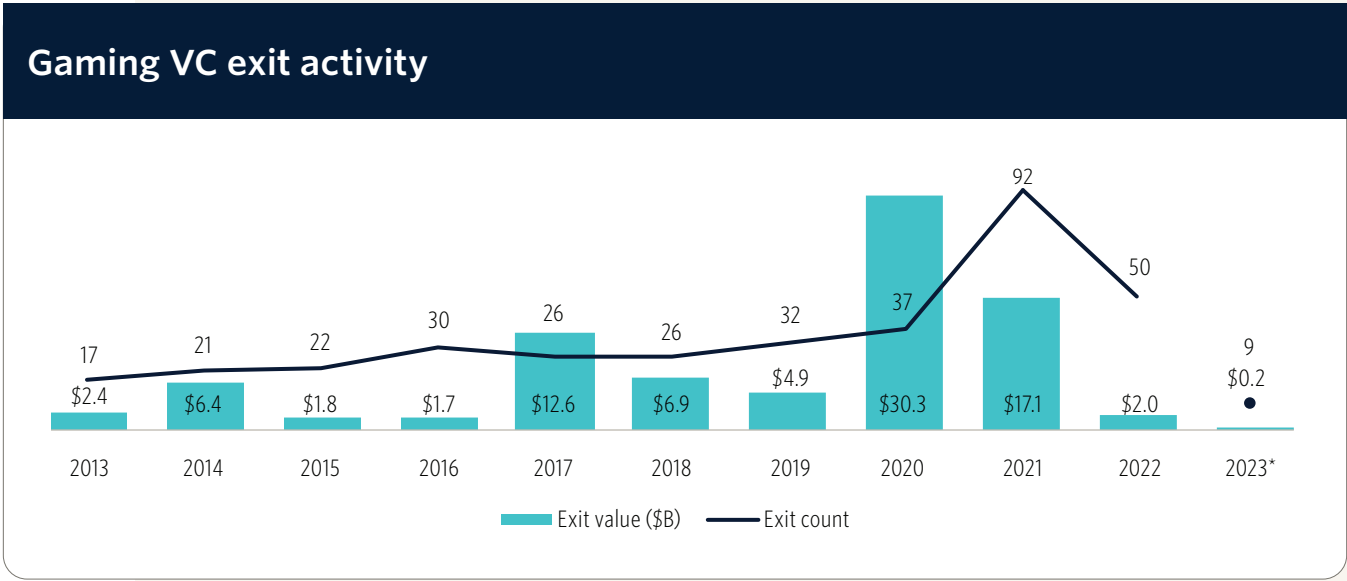
Consumer spending has slowed across several measures as the industry course-corrects after a pandemic-induced frenzy drove record consumer and investor activity. In the US, consumer spending declined 5.0% to \$4.6 billion.² In Europe, PC and console game sales reached 39 million units in March, down 11% compared to the same period last year.³ Nevertheless, angel, seed, and early-stage VC deals accounted for the majority of deal value, which is a positive indication for the industry's near-term growth despite the small sample size.

Across all industry segments, pre-money valuations have increased markedly since 2020 and currently sit at a median of \$27.9 million. Venture growth valuations continue to fluctuate considerably while all other stages have held relatively stable. Median deal size across the industry is \$5.0 million, up from \$2.2 million in 2020. Venture growth deals, again, continue to fluctuate,

2: "US Game Revenue Down 5% to \$4.6bn in March, Says Circana | US Monthly Charts," GamesIndustry.biz, Jeffery Rousseau, April 19, 2023.
3: "Q1 PC and Console Game Sales Down 11% Across Europe | European Monthly Charts," GamesIndustry.biz, Christopher Dring, April 18, 2023.



Source: PitchBook • Geography: Global • *As of March 31, 2023



Source: PitchBook • Geography: Global • *As of March 31, 2023

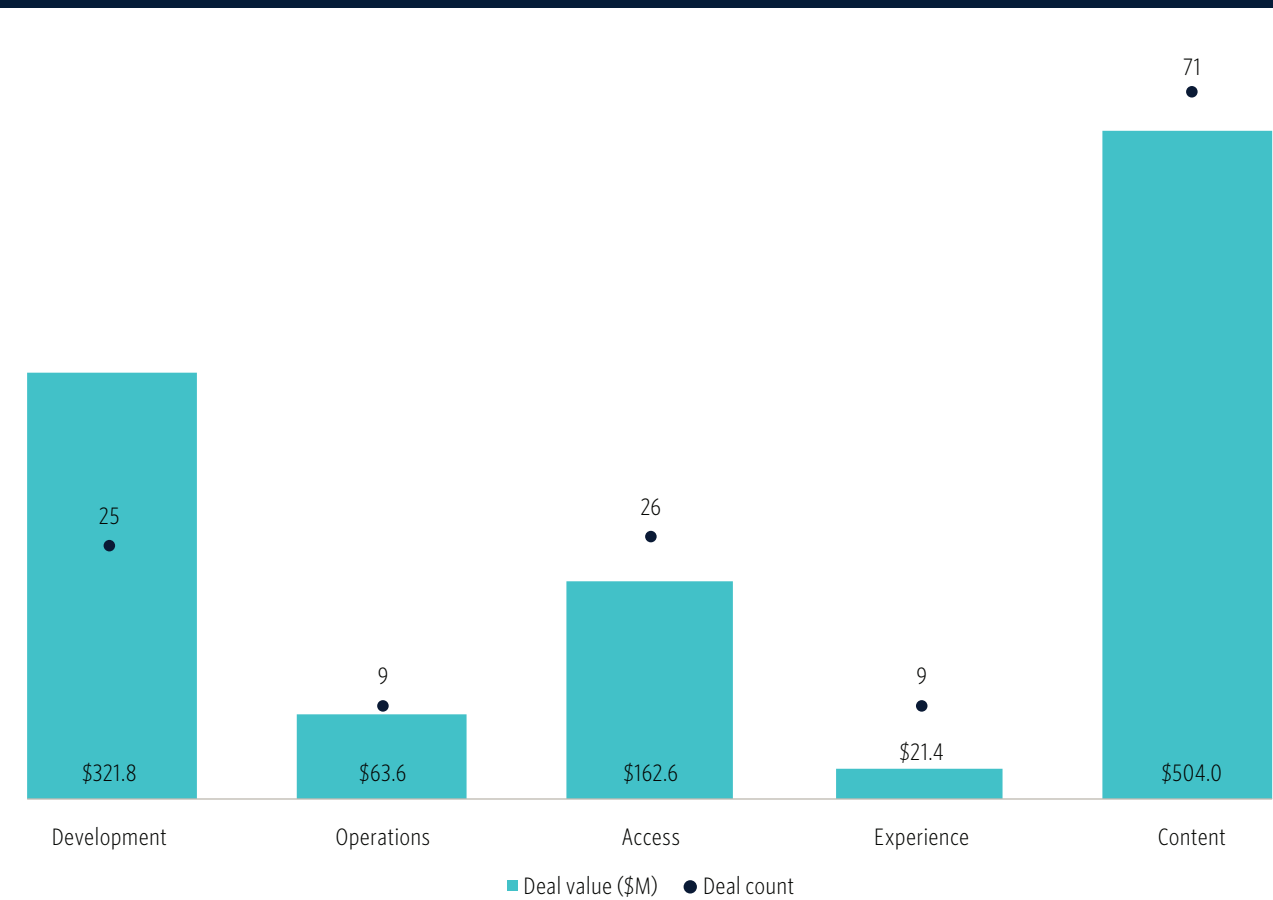


VC ACTIVITY

while all other stages have seen modest increases YoY since 2020. Lastly, median pre-money step-ups increased across all segments in Q1 2023 with the exception of venture growth deals, which decreased from 1.2x to 1.0x.

Exits remained relatively muted in Q1 and produced nine deals totaling \$200.0 million—eight of which were acquisitions of undisclosed value. While QoQ exit value doubled, exits remain well below historic levels and have fallen precipitously after peaking in Q3 of 2020. Overall, this decline is coupled with the broad-spectrum closure in IPO and SPAC windows, alongside rising interest rates and inflation concerns. M&A activity has the potential to increase as scaling games becomes more expensive, valuations decrease in public markets, and incumbent developers look to augment their balance sheets. Notable exits in Q1 include Gala Sports’ IPO for \$164.2 million and the acquisitions of [Vindex](#), [DMarket](#), and [BattleSnake](#).

Gaming VC deal activity by segment in Q1 2023

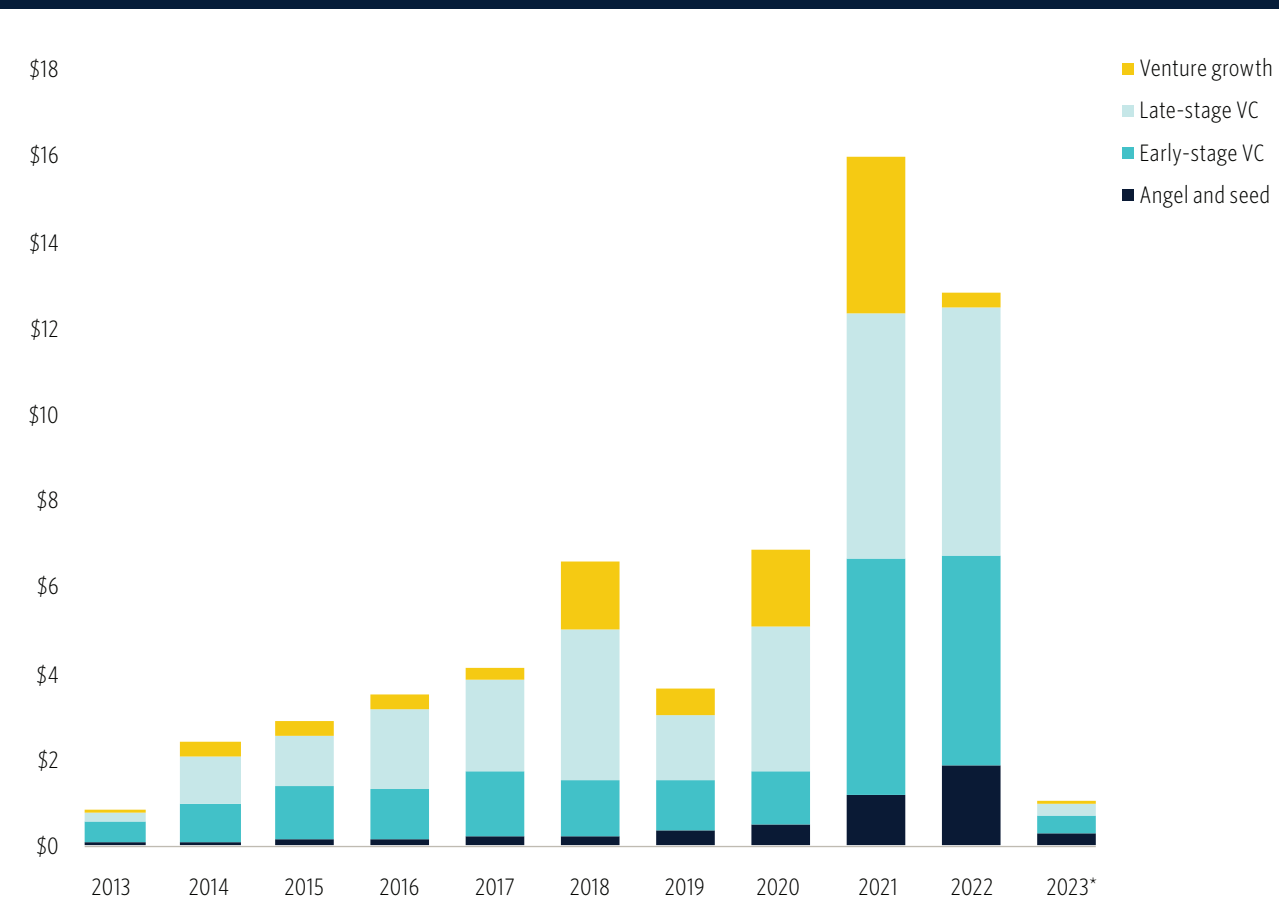


Source: PitchBook • Geography: Global • *As of March 31, 2023



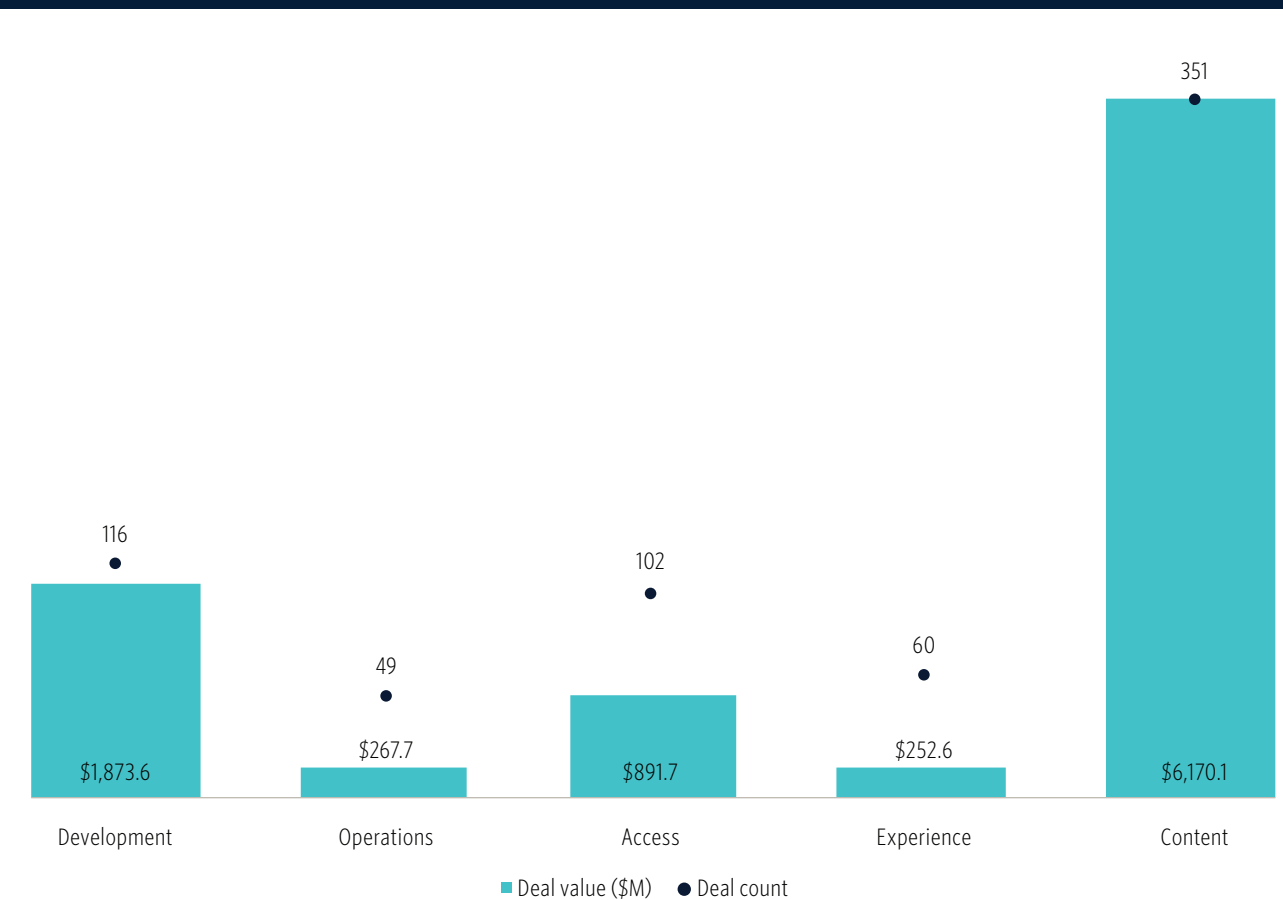
VC ACTIVITY

Gaming VC deal value (\$B) by stage



Source: PitchBook • Geography: Global • *As of March 31, 2023

TTM Gaming VC deal activity by segment

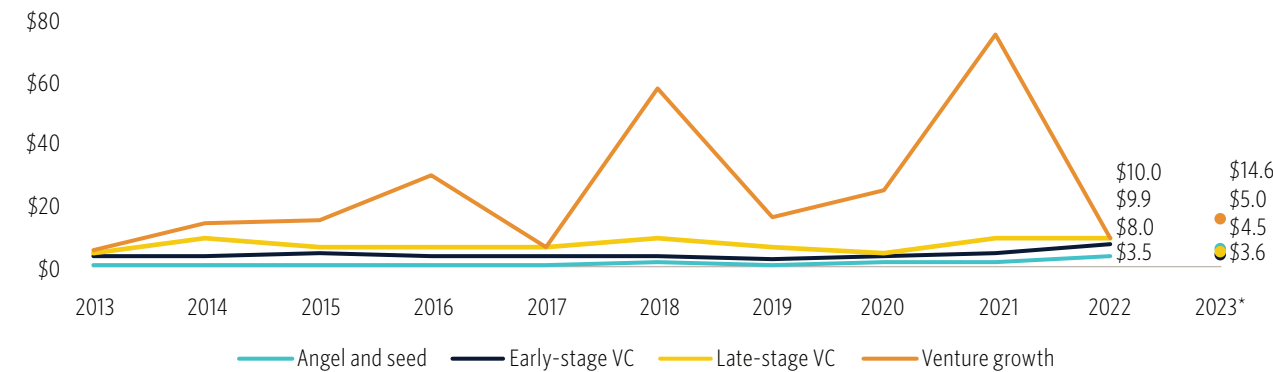


Source: PitchBook • Geography: Global • *As of March 31, 2023



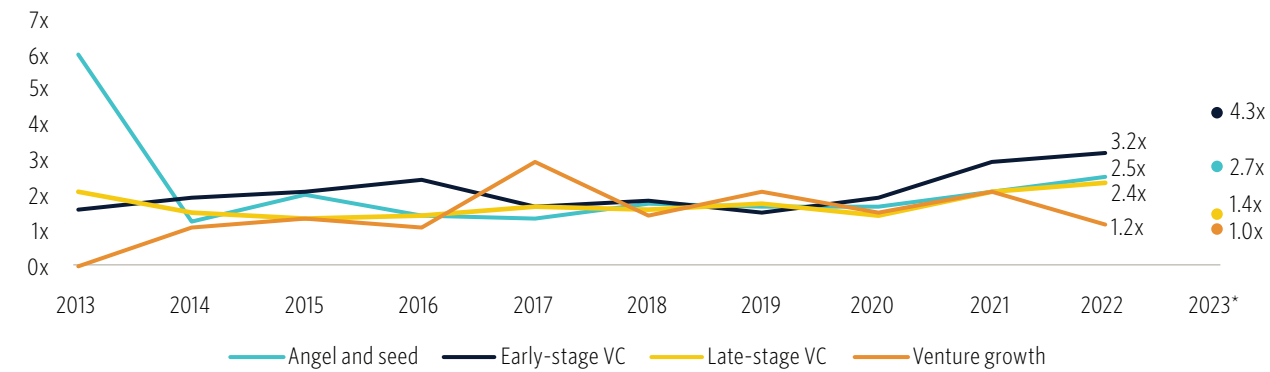
VC ACTIVITY

Median gaming VC deal value (\$M) by stage



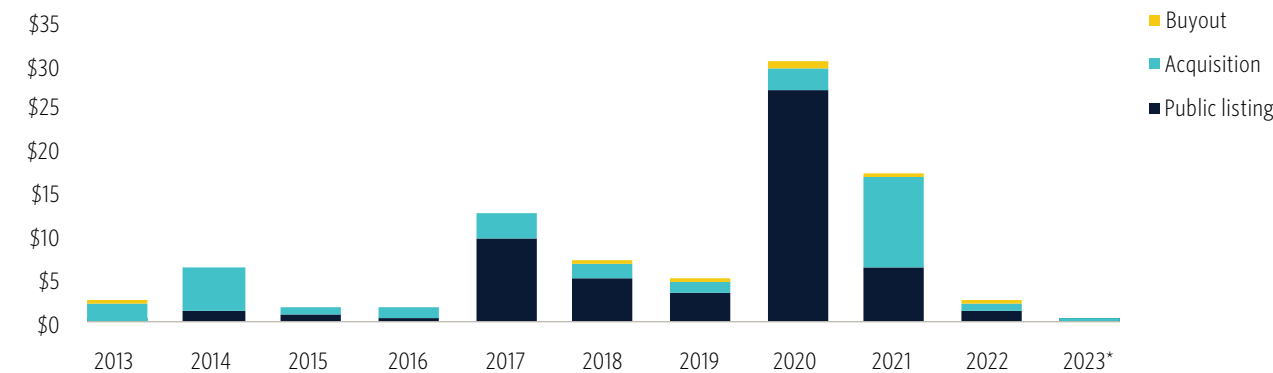
Source: PitchBook • Geography: Global • *As of March 31, 2023

Median gaming VC pre-money valuation step-up by stage



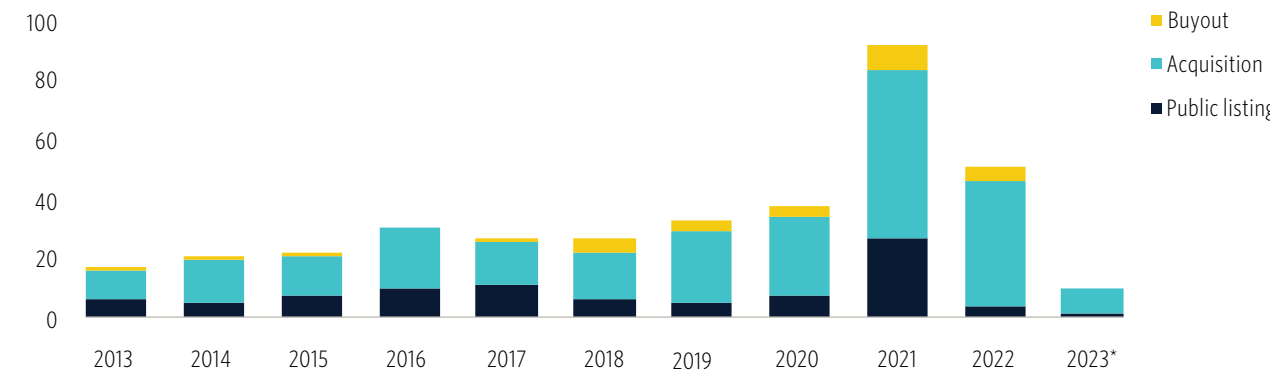
Source: PitchBook • Geography: Global • *As of March 31, 2023

Gaming VC exit value (\$B) by type



Source: PitchBook • Geography: Global • *As of March 31, 2023

Gaming VC exit count by type



Source: PitchBook • Geography: Global • *As of March 31, 2023



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Key gaming early-stage VC deals*

Company	Close date (2023)	Subsegment	Stage	Deal value (\$M)	Lead investor(s)
Character.ai	March 7	Developer tools	Series A1	\$150.0	Andreessen Horowitz
Believer Entertainment	March 7	Publishers, developers & studios	Series A	\$55.0	Lightspeed Venture Partners
LandVault	March 23	Publishers, developers & studios	N/A	\$39.4	N/A
Nümi Metaverse	January 11	Games & platforms	N/A	\$20.0	Venom Ventures Fund
Luma AI	January 12	Game engine	Series A	\$20.0	N/A
Thor Innovation	February 23	Hardware	Series A	\$14.7	CCB International
Avalon	February 28	Publishers, developers & studios	N/A	\$13.0	BITKRAFT Ventures, Delphi Digital, Hashed, Mechanism Capital
Midnight Society	February 22	Publishers, developers & studios	N/A	\$11.1	N/A
Fantasy Akhada	March 10	Games & platforms	N/A	\$11.0	Florintree Advisors
Few and Far	March 3	Marketplace & rewards	N/A	\$10.5	Pantera Capital

Source: PitchBook • Geography: Global • *As of March 31, 2023



VC ACTIVITY

Key gaming late-stage VC deals*

Company	Close date (2023)	Subsegment	Stage	Deal value (\$M)	Lead investor(s)
OneSignal	January 31	Monetization & financing	Series C	\$50.0	BAM Elevate
Jackpot.com	January 9	Gambling	Series A	\$42.0	Accomplice VC, Courtside Ventures
INK Games	March 15	Distribution platform	Series B	\$40.0	N/A
Carry1st	January 17	Publishers, developers & studios	N/A	\$27.0	BITKRAFT Ventures
Illumix	March 22	Developer tools	Series A	\$18.0	N/A
Emerge	January 3	Hardware	Series B	\$15.0	N/A
Voicemod	February 24	Developer tools	N/A	\$14.5	KFund
Kobiton	January 19	Developer tools	Series A	\$11.2	N/A
Rive	January 17	Game engine	Series A	\$10.0	Two Sigma Ventures
Redemption Games	March 7	Publishers, developers & studios	N/A	\$7.0	Play Ventures

Source: PitchBook • Geography: Global • *As of March 31, 2023



VC ACTIVITY

Key gaming VC exits*

Company	Close date (2023)	Subsegment	Exit type	Exit value (\$M)	Acquirer	Valuation step-up
Gala Sports	January 16	Publishers, developers & studios	IPO	\$164.2	N/A	N/A
Galactech	January 16	Esports	M&A	\$15.0	GBarena	1.4x
DMarket	January 25	Marketplace & rewards	M&A	N/A	Mythical Games	N/A
Defi11	February 14	Games & platforms	M&A	N/A	Vulcan Forged	N/A
Ember Entertainment	January 10	Publishers, developers & studios	M&A	N/A	Gala Games	N/A
BattleSnake	March 6	Games & platforms	M&A	N/A	Taplytics	N/A
WaveOne	January 1	Technology services	M&A	N/A	Apple	N/A
Svipier	February 28	Games & platforms	M&A	N/A	The Sand Box	N/A
Vindex	February 17	Publishers, developers & studios	M&A	N/A	ESL FaceIt Group	N/A

Source: PitchBook • Geography: Global • *As of March 31, 2023



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Top strategic acquirers of gaming companies since 2019

Investor	Deal count	Investor type
Unity	6	Corporation
Roblox	3	Corporation
Scopely	2	VC-backed Company
Corsair	2	Corporation
Medal.tv	2	VC-backed Company
Nordisk Film	2	Corporation
Epic Games	2	VC-backed Company
Microsoft	2	Corporation

Source: PitchBook • Geography: Global • *As of March 31, 2023

Top VC investors in gaming companies since 2019

Investor	Deal count	Investor type
BITKRAFT Ventures	89	VC
Makers Fund	85	VC
Andreessen Horowitz	81	VC
Play Ventures	78	VC
Galaxy Interactive	70	VC
Infinity Ventures Crypto	69	VC
Shima Capital	69	VC
Griffin Gaming Partners	57	VC
AVSTAR capital	51	VC
1Up Ventures	45	VC

Source: PitchBook • Geography: Global • *As of March 31, 2023



VC ACTIVITY

Top VC-backed gaming companies by total VC raised to date

Company	VC raised to date (\$M)	Subegment	HQ country
Epic Games	\$6,030.0	Publishers, developers & studios	US
Dream Sports	\$1,182.5	Gambling	India
Voodoo	\$1,115.4	Publishers, developers & studios	France
Discord	\$1,100.3	Social & community	US
Scopely	\$998.5	Publishers, developers & studios	US
Forte	\$952.0	Technology services	US
Niantic	\$780.0	Games & platforms	US
Sorare	\$738.0	Games & platforms	France
Dapper Labs	\$643.6	Publishers, developers & studios	Canada
Cockroach Labs	\$633.1	Developer tools	US

Source: PitchBook • Geography: Global • *As of March 31, 2023



Emerging opportunities

Security

Platforms and services that protect game developers from a variety of cyber threats.

Generative AI

Machine learning that creates novel content, such as creative designs, sounds, code, and more, based on user inputs.



Security

Video game developers face increasing cybersecurity risk. Gaming has the highest incidence of distributed denial-of-service (DDoS) attacks across industries. The industry's share of DDoS traffic, accounting for 40% of all attacks, is double that of the second-highest industry, financial services, which accounts for 20%.⁴ Critically, 60% of gaming executives cite cyber risk as a primary challenge over the next three years as the attack vector expands and evolves.⁵

The drivers behind increasing cyber risk include:

- **In-game assets and digital currency utilization:** The growing value and availability of NFTs, virtual goods, experience points, and more, continue to attract cybercriminals. In-game tokens have also proven to be an effective method for money laundering. The vulnerability of blockchain bridges also complicates the security landscape for Web3 games. Lastly, human engineering methods are being focused on individual employees, which led to the draining of \$600.0 million in digital assets from [Axie Infinity](#) in March 2022.
- **Technology and automation improvements:** Phishing attempts are becoming increasingly realistic as generative AI creates lifelike impersonations of humans that target individuals after ingesting large amounts of data on them. Additionally, our conversations indicate that within the past 18 months, these attacks are improving in automation and scale. Combining scale and feasibility of attacks creates greater risk for developers.

- **Valuable source code:** Hackers have demanded ransom from game developers after stealing source code for popular titles, as [Riot Games](#) faced over its game League of Legends.⁶ Others have hacked developers and leaked footage of unreleased games, as happened with [Rockstar Games'](#) Grand Theft Auto VI.
- **Geopolitical motives and state intervention:** In 2022, Ukraine-based GSC Game World faced repeated cyberattacks from, and was finally breached by, a group sympathetic to Russia, Vestnik TSS.⁷ In China, the government has pressured gaming giant [Tencent](#) to include facial recognition in its games and log names and identification numbers of Chinese gamers.
- **Personal data collection:** The amount of data collected by gaming companies is growing. Payment information and other personally identifiable information (PII) is collected to support microtransactions, biometric data is collected during playtesting, location data is monitored for extended reality games, and psychographic data is collected before gameplay even begins. In 2022, [Epic Games](#), maker of Fortnite, was found guilty in a \$520 million lawsuit concerning data collected on minors.
- **Rapid development timelines:** Game developers are typically focused on high-quality gameplay, and in conjunction with crunch-inducing deadlines, they're less incentivized to prioritize secure code during development.

4: "Gaming Respawned: Cyberattacks on Players and Gaming Companies Rise Again," Akamai, Kevin Mitchell, et al., August 2022.

5: "Chapter 2: Gaming Data Security and Cyber Risks," EY, Scott A. Porter, 2022.

6: "Riot Games Says League of Legends Source Code Stolen in Cyberattack," Axios, Sam Sabin, January 24, 2023.

7: "GSC Game World Suffers Stalker 2 Leak After Latest Cyber Attack," GamesIndustry.biz, Marie Dealessandri, March 13, 2023.



SECURITY

The technology landscape for video game cybersecurity generally fits into three categories. First, small startups targeting and servicing gaming companies that have been acquired by large platforms. Examples include [Epic Games](#)' purchase of Easy Anti-Cheat and [Roblox](#)'s acquisition of [Byfron](#). One topic of discussion during the Game Developers Conference 2023 (GDC 2023) was the potentially paradoxical nature of anti-cheat software. While this technology class makes the barrier to penetrating a game higher and more robust, this may also yield easily exploitable games for hackers who can circumvent these protections. A second category includes cybersecurity firms that primarily service the gaming industry and have remained independent. Example companies include [Jig Analytics](#), [Cyrex](#), and [GamerSafer](#). Common product offerings include penetration and load testing, bot identification services, esports anticheating, and more. Third, startups that provide horizontal products and services that cater to numerous industries, including gaming companies. Examples include [Irdeto](#), [Lacework](#), [CDNetworks](#), [Vector 35](#), [Arkose Labs](#), and others.

Notable tailwinds for startups and investors include increasing cybersecurity budgets for developers, a growing number of bots that negatively impact gameplay, and the increasing economic value of security breaches. Content developers also continue to face issues with misinformation, disinformation, and toxicity. Recent media coverage of Russian attempts to infiltrate games and the leak of classified documents on [Discord](#) are two emergent risk categories. Toxic gameplay also risks destabilizing game communities, and over 70% of multiplayer gamers have experienced toxicity, which includes exploiting game rules, intimidating or coercing other players, ridiculing others, and more.⁸ Startups like [Modulate](#) and [Spectrum Labs](#) are working to reduce this risk in both voice and text chat. Another vector for toxic gameplay is generative AI, which has the potential to produce individualized, spontaneous game dialogue. This risk is significant given the checkered past of hate speech from chatbots.

⁸: ["Toxicity in Multiplayer Games Report," Unity Technologies, 2021.](#)



Generative AI

Generative AI is a category of algorithms that recognizes patterns and structures in existing datasets to generate original content. Although artificial intelligence & machine learning (AI & ML) are already deployed throughout the industry, generative AI has the potential to drastically enhance the creative output of content developers, increase the speed of prototyping, and create personalized in-game experiences. Procedural generation, a class of ML that is trained to generate specific outputs, like trees or foliage, is already used in large-universe games, but the potential speed and depth of game assets created by generative AI represents another frontier. Our conversations with investors and game developers have corroborated both the long-term impact of generative AI and an understanding that near-term use cases revolve around rapid iteration and specific tasks with limited in-game impact.

Game creation is notoriously time- and capital-intensive. Hit titles can require hundreds of millions of dollars and many years to develop. Notoriously, Grand Theft Auto V cost \$265 million and Red Dead Redemption 2 cost \$540 million, for example.^{9,10} Game developers have also faced a steady increase in development costs, which could reach \$1 billion by the end of the decade, in addition to criticism for toxic work environments and “crunch” deadlines.¹¹ Historically, headcount for technical and creative talent has been at parity, but according to a recent earnings call with [Unity](#)’s leadership, this ratio is trending toward five creative employees per every one technical worker.¹² The dearth of technical talent is exacerbated by competition from top-tier tech companies, such as [Amazon](#) and [Google](#), and insufficient higher-education resources for game development certifications.

9: “GTA 5’ Costs \$265 Million To Develop And Market, Making ‘Grand Theft Auto V’ The Most Expensive Video Game Ever Produced,” [Latin Times](#), Donovan Longo, September 9, 2013.

10: “Red Dead Redemption 2 could hit 20 million in sales — and turn a profit — by December,” [VentureBeat](#), Dean Takahashi, October 31, 2018.

11: “Level Up: The Future of Video Games Is Bright,” [Bain & Company](#), Anders Christofferson, et al., October 12, 2022.

12: “Unity Software Inc. (U) Q2 2021 Earnings Call Transcript,” [The Motley Fool](#), August 11, 2021.

The hype around generative AI was tangible at GDC 2023, which we covered in our [Q1 2023 Analyst Note: Reactions From the Game Developers Conference 2023](#). The topic accounted for nearly 30 of the conference’s sessions, and incumbent developers announced a flurry of new functionality, including [Ubisoft](#)’s AI Ghostwriter, [Roblox](#)’s code-suggestion service, and [Unity](#)’s discussion of a generative AI marketplace.¹³ Live demonstrations at GDC also underscored the rapid acceleration in performance capabilities and illustrated increasingly humanlike gestures, dialogue, and tone generated by AI. Anecdotally, every conversation we had with startups and investors touched on the promise of AI & ML. However, in our assessment, expectations around the near-term impact were tempered.

Content developers of all sizes can benefit from meaningful productivity gains brought by generative AI. Indie developers can produce more, higher-quality content with fewer resources if the reduction in effort on the order of 120-to-1 holds.¹⁴ Large studios can also extract meaningful cost savings if they’re able to produce one additional game per year or eliminate a delayed release.

Use cases for generative AI include:

- **Spoken dialogue and other audio:** Developers can use AI tools to create background sound effects, like a weapon discharging or trees blowing in the distance, soundtrack music, and speech. [Ubisoft](#) recently introduced a software called Ghostwriter to write dialogue and “barks” for nonplayer characters (NPCs). Generative AI tools can also improve game localization.

13: “Unity Aims to Open Generative AI Marketplace for Video Game Developers,” [Reuters](#), Anna Tong, March 22, 2023.

14: “The Generative AI Revolution in Games,” [Andreessen Horowitz](#), James Gwertzman and Jack Soslow, November 17, 2022.



GENERATIVE AI

- **Code generation:** Writing code remains a manually intensive, time-consuming process with significant constraints. Platforms like [Roblox](#) are using code completion tools to accelerate back-end development.
- **Assets and characters:** The volume of user-generated content is positioned to accelerate as the barrier to create weapons, skins, and more is lowered. The risk of commodifying these assets also exists if creating in-game items is too easy. Characters and NPCs can also be more quickly prototyped, created in bulk, or customized. Game personalization also comes into focus as NPCs can calibrate the difficulty of a game based upon a user's actions.
- **Autonomous agents:** Equipped with an AI agent, developers can move beyond simply generating code or dialogue to have an AI execute specific tasks, beyond the shell of ChatGPT, by hooking into external tools. A recent study from Cornell University also illustrates the in-game potential of autonomous agents wherein one AI character was tasked with planning a party and successfully convinced other in-game AI characters to attend said party.¹⁵ Long-term, this opens up significant potential around individualized, generative gameplay.

This technology faces a variety of headwinds including:

- **Toxicity:** The convergence of toxic gameplay, a long-standing issue in the gaming industry, and a checkered past with hate speech from past AI- & ML-powered tools have the potential to be

force multipliers. Select incumbent firms have resources dedicated to minimizing toxicity, like the recent alliance between [Ubisoft](#) and [Riot Games](#) for their Zero Harm in Comms program, while others, like [Microsoft](#), have minimized these resources during recent layoffs.

- **Rework:** Given the cost of game development, adoption could be delayed by studios that are disinclined to add generative AI where it does not currently exist.
- **Legality:** Recent lawsuits involving [Getty Images](#) and [Stability.AI](#) are raising previously unexamined legal questions. Studios may be weary of shouldering additional risk until questions are settled in court.
- **Hype:** The industry is still recovering from over-zealous activity in the Web3 space. The risk for similarly mismatched expectations regarding the near-term impact of AI also exists.
- **Compute availability:** The capital and compute costs of these technologies are significant. Limited computing power may inhibit performance and stifle adoption in the near term.

¹⁵: ["Generative Agents: Interactive Simulacra of Human Behavior," arXiv, Joon Sung Park, et al., April 2023.](#)



GENERATIVE AI

Select VC-backed generative AI gaming startups

Companies	Last financing date	Total raised (\$M)	HQ location
Inworld AI	July 8, 2022	\$83.3	Mountain View, CA
Promethean AI	June 30, 2021	\$39.5	Los Angeles, CA
Voicemod	February 24, 2023	\$22.5	Madrid, Spain
rct AI	February 1, 2023	\$22.1	Beijing, China
Alethea AI	N/A	\$16.2	N/A
Wonder Dynamics	December 8, 2021	\$11.6	Los Angeles, CA
Hidden Door	July 13, 2022	\$9.0	New York, NY
Replica	August 28, 2021	\$5.5	Brisbane, Australia
Convai	December 28, 2022	\$5.0	Mountain View, CA
Regression Games	August 15, 2022	\$4.2	Philadelphia, PA

Source: PitchBook • Geography: Global • *As of March 31, 2023



Select company highlights



SELECT COMPANY HIGHLIGHTS: SOLSTEN



Founded
2018

HQ Location
Manhattan Beach, CA

Total raised:
\$31.0M

Last financing:
\$21.8M Series B

Overview

[Solsten](#) is a customer engagement platform for game developers and studios that leverages psychological assessments and neuropsychological data to understand and retain users. Many games are designed based on institutional knowledge and intuition. At best, data-driven design decisions are made using event-based and funnel-driven analytics. [Solsten](#)’s approach differs in that clinical-grade psychological surveys are combined with in-game player data to create a deeper holistic view of a game player. Taken together, a qualitative and quantitative data graph is formed to create user cohorts for a game, which is used to drive gamer retention and deliver more satisfactory gameplay.

Leadership


The company is led by Co-founder and CEO Joe Schaeppi as well as Co-founder & COO Bastian Bergmann. Schaeppi previously held user experience positions at [Big Fish Games](#), [Contravent](#), and [MRM](#), in addition to serving as a clinical psychologist. Bergmann co-founded another company [WATTx](#) and worked as a consultant with [Boston Consulting Group](#) prior to starting [Solsten](#).

Financing history

[Solsten](#) raised a \$21.8 million Series B in August of 2022 in a deal led by [Konvoy Ventures](#) and [Prime Partners](#). [Dentsu Ventures](#), [Spirit Bascom Ventures](#), [Milkbox Partners](#), and [Galaxy Interactive](#) also participated. The company previously raised a \$7.0 million Series A in June of 2021 after completing startup event SUP46 in 2019.



SELECT COMPANY HIGHLIGHTS: STARDUST

	Founded 2018	Total raised: \$35.0M
	HQ Location Palo Alto, CA	Last financing: \$30.0M Series A

Overview

[Stardust](#) helps game developers build games on blockchain technology and incorporate NFTs into games. Its collection of application programming interfaces (APIs) are blockchain agnostic and designed to simplify the process of launching in-game economies. CEO Canaan Linder has stated his intention to simplify the process of integrating NFTs, a process that can be notoriously challenging and has required end users, in some cases, to navigate 60 steps over two hours to onboard.^{16, 17} In addition to bringing NFTs into game economies, [Stardust](#)'s platform also includes a custodial wallet, a developer dashboard, and support for NFT marketplaces. Blockchain and Web3 games face significant headwinds during the current "crypto winter," which is seeing significant falloffs of the most popular Web3 games to-date. We anticipate the coming year will be characterized by a focus on sustainability, user-centricity, and ease-of-use—principles that have been neglected during the frenzied rush to Web3 more broadly. Picks-and-shovels solutions that can help developers seamlessly incorporate high-value experiences are well-positioned as a result.

Leadership

The company is led by Founder and CEO Canaan Linder and COO Atif Khan. Linder formerly worked as a software engineer at [Bloomberg](#). Khan, prior to joining [Stardust](#), held multiple positions within [Facebook](#)'s games division, including head of mid-market and in-app ads. He's also held marketing, financial analyst, and business development roles.

Financing history

[Stardust](#) raised a \$30.0 million Series A in October 2022 in a deal led by [Framework Ventures](#) with participation from [Blockchain Capital](#), [Hustle Fund](#), [Lattice Capital](#), [Distributed Global](#), [Triblock](#), and [Acrew](#). The company previously raised a \$5.0 million seed round and two early-stage deals of undisclosed value after completing the [MouseBelt](#) blockchain accelerator.

16: "Stardust Raises \$5M to Provide Secure U.S. Dollar Payments for NFTs in Games," [VentureBeat](#), Dean Takahashi, September 15, 2021.

17: "The Great Reset: Your 2023 Guide to Web3 Games," [NAAVIK](#), January 27, 2023.



SELECT COMPANY HIGHLIGHTS: BELIEVER ENTERTAINMENT



Founded
2022

HQ Location
West Hollywood, CA

Total raised:
\$80.0M

Last financing:
\$55.0M Series A

Overview

[Believer](#)’s fundraise is outsized given the company’s headcount of 12 people, as well as its maturity—it has yet to announce a game. Both founders held executive positions at [Riot Games](#) and are planning an open-world game, based on original intellectual property (IP), within the League of Legends universe that’s geared toward gamers who prioritize social interactions. Developing this title will likely take years and has the potential to require greater capital commitments. On-lookers are also left to wonder about potential monetization strategies as board member Moritz Baier-Lentz, partner at [Lightspeed](#), spoke about the team’s interest in innovating across storytelling, pricing, marketing, and more.¹⁸ Additionally, the company already has an eye on IP that extends well beyond video games. Investments from Michael Eisner, a former [Disney](#) executive, and his firm [The Tornante Company](#), position [Believer](#) to capitalize on a broader trend within the video game ecosystem of developing content horizontally for film, television, comics, and more. Beyond game development, the founders have also stated their intention to lead in certain technologies, including generative AI. Although gamers and investors will have to exercise patience in the near term, the personnel, investors, and strategy make [Believer](#) a company to keep tabs on.

18: “Ex-Riot Employees Raise \$55M for New Studio The Believer Company,” [VentureBeat](#), Dean Takahashi, March 7, 2023.

Leadership

The company is led by Founder & CEO Michael Chow and Chief Product Officer Steven Snow. Chow previously founded two companies, Newtoy (acquired by [Zynga](#)) and [Jolly Company](#) (acquired by [Riot Games](#)) in addition to holding leadership positions at [Zynga](#), where he was chief of staff to the CEO, and [Riot](#), where he was vice president and executive producer. Snow previously held executive producer positions at [Perpetual Entertainment](#) and [Riot Games](#) before founding Ministry of Hijinks.

Financing history

[Believer Entertainment](#) raised a \$55.0 million Series A in March 2023 in a deal led by [Lightspeed Venture Partners](#) with participation from [Andreessen Horowitz](#), [Bitkraft Ventures](#), [Riot Games](#), [1Up Ventures](#), Don Thompson’s [Cleveland Avenue](#), and Michael Eisner’s [The Tornante Company](#).¹⁹ The funding will primarily be used to expand the company’s staff and develop cross-platform, open-world games.

19: “Gaming Studio Believer Entertainment Raises \$55M,” [Axios](#), Tim Baysinger, March 7, 2023.



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Coming soon
Biotech
Pharmatech