



EMERGING TECH RESEARCH

Emerging Tech Indicator

Top VC investment activity slows slightly from Q4 peak
as Web3 & DeFi, biotech, and fintech lead funding activity

Q3
2022





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Note: Data from prior quarters has been revised from the previous ETI report to reflect the latest funding data available.



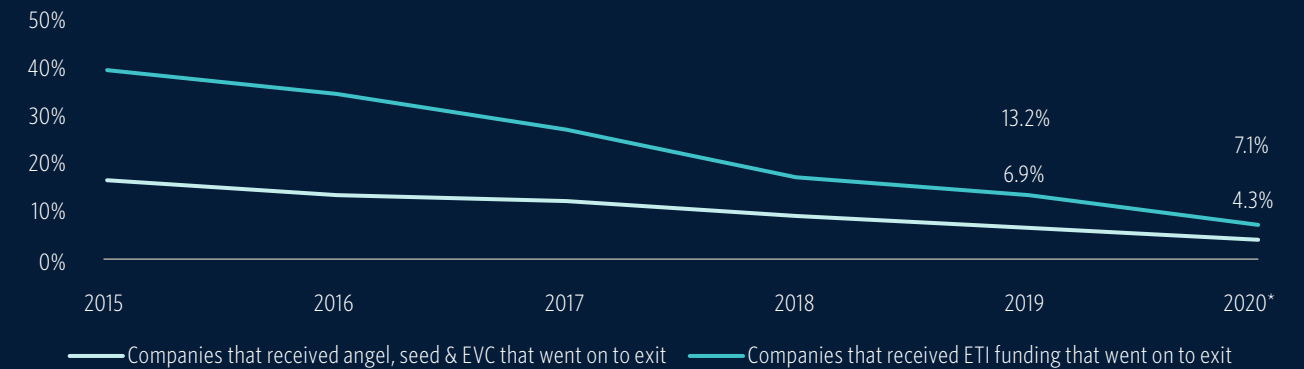
Introduction

The Emerging Tech Indicator (ETI) provides a quarterly review of seed and early-stage investment activity involving a limited subset of the world's most successful VC firms that account for roughly 10% of total VC investment. The analysis provides a unique perspective into the types of technologies top investors view as the most promising, while also tracking how aggressively they are making capital allocation decisions.

In the third quarter of 2022, we tracked 153 early- and seed-stage deals that involved the top 15 VC firms, relative to 5,997 total early- and seed-stage VC deals. These firms are determined each quarter based on the success of their investments over time in terms of exits and valuations.¹ As shown in the two adjacent charts, ETI startups identified via our top 15 methodology have strongly outperformed the broader VC industry, exhibiting higher exit rates and higher valuations. This report provides a review of the products and technologies being developed by ETI startups.

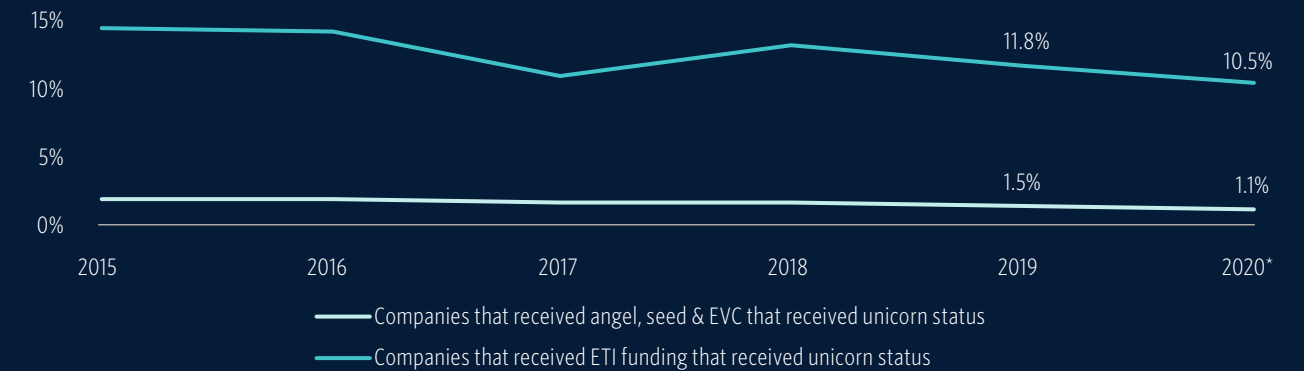
1: Emerging Tech Indicator ranking methodology can be found [here](#).

Share of companies receiving ETI funding that went on to exit



Source: PitchBook | Geography: Global | *As of September 30, 2022

Share of companies receiving ETI funding that went on to unicorn status



Source: PitchBook | Geography: Global | *As of September 30, 2022



Key takeaways

Q3 deal value continues downward trend: ETI investment fell for the third consecutive quarter, totaling \$4.7 billion across 153 deals in Q3 2022, a 32% decline from Q2's \$6.9 billion across 244 deals, and down 52% from Q4's all-time peak of \$9.8 billion across 275 deals. ETI deal value represented 12.7% of all seed and early-stage VC investment, in line with recent quarters but above the historical average of about 10%.

Large deals returning to normal levels: We recorded 10 ETI deals sized \$100 million or larger, still above the historical quarterly average of five since 2015, but down from the peaks of 22 in Q4 2021 and Q1 2022. The largest deal consisted of a \$350 million early-stage round for Flow, the Adam Neumann-founded startup focused on rental apartments. The next largest deals included [Mysten Labs](#) with a \$300 Series B, and [Aptos Labs](#) with a \$200 million Series A—both Web3 startups—then [AtoB](#), a fintech company with a \$155 million Series B, and [Drata](#), an infosec startup, with a \$128 million Series B.

Web3 & DeFi again tops deal value, followed by fintech and biotech: For the fifth consecutive quarter, Web3 & DeFi was the largest area of ETI investment with \$879 million invested across 24 deals. While this was the lowest amount invested in the space since Q2 2021, and well below the peak of \$2.3 billion invested in Q1 2022, we have recorded \$6.5 billion of ETI capital invested into this segment over the last twelve months, well above the next highest twelve-month total of \$2.7 billion in fintech. We expect the recent failure of FTX will lead to a decline in early stage cryptocurrency investing in coming quarters. Fintech investment was again the second-most invested-in space, with \$737 million across 24 deals, an increase from Q2's \$544 million across 23 deals. Biotech was a close second at \$726 million across 11 deals, up from Q2's \$523 million across 7 deals.

Most leading categories are down from Q2: Apart from the sequential increase in funding for fintech and biotech, most other tech categories saw sequential declines in ETI investment, including Web3 & DeFi, which dropped to \$879 million in Q3 from \$1.5 billion in Q2; healthtech, which fell to \$158 million from \$384 million; enterprise SaaS, which sank to \$199 million from \$344 million; AI & ML, which lessened to \$204 million from \$598 million; and DevOps, which lowered to \$96 million from \$614 million. Other smaller categories of growth included proptech, which grew to \$426 million from \$54 million—though this was driven by a single \$350 million deal—and infosec, which increased to \$201 million from \$145 million.

Note: Deal activity is subject to revision as we collect new data, which may impact count totals relative to prior reports.

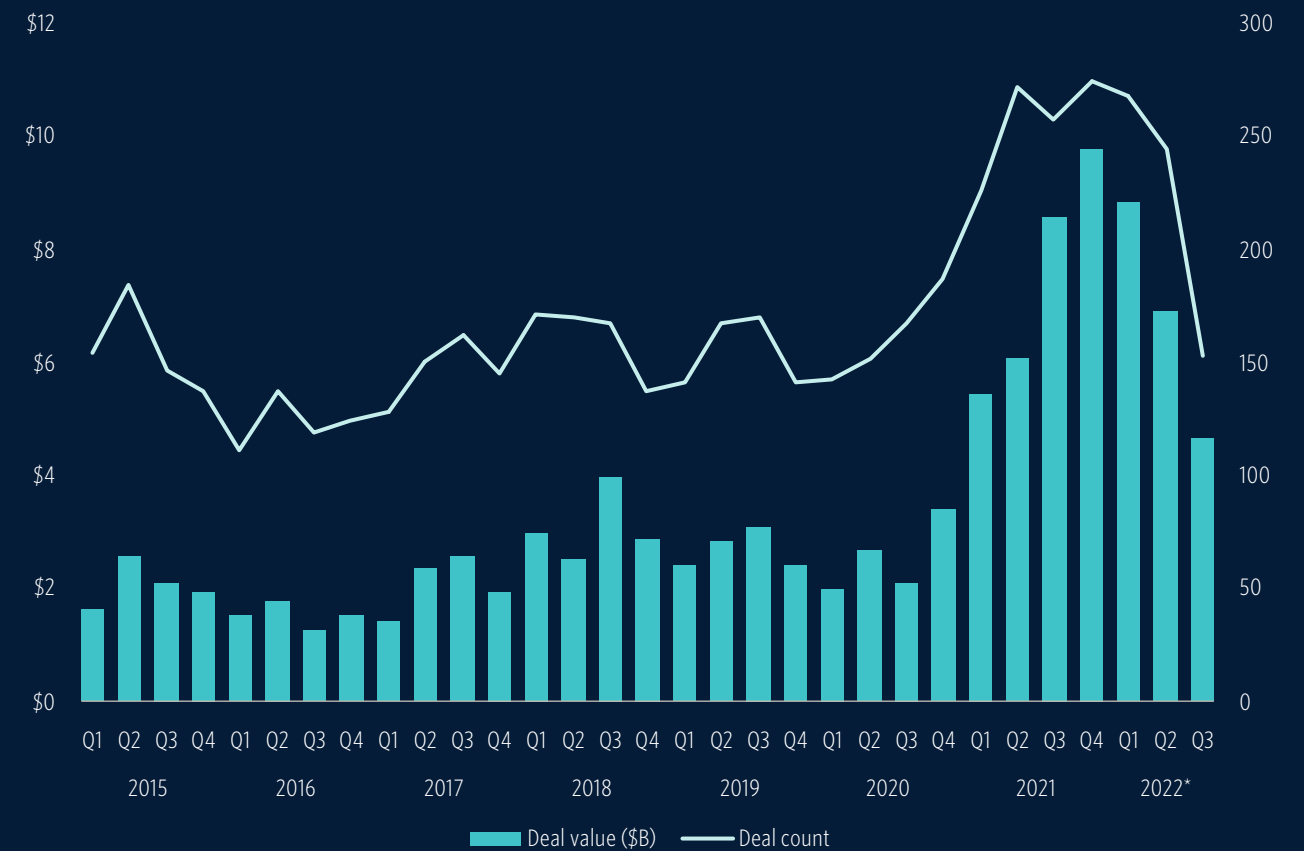


Deal activity

Q3 ETI deal activity reflected a continued softening of the VC environment as deal value declined to \$4.7 billion, down from \$6.9 billion in Q2 and 52% lower than Q4 2021's peak of \$9.8 billion. Deal counts also maintained a downward trend, with 153 deals in Q3 being well below Q2's 244. For an overview of activity across the entire VC market, see our [Q3 2022 PitchBook-NVCA Venture Monitor](#). We recorded ten ETI deals of \$100 million or greater in Q3, down from 22 in Q1, but still above the historical quarterly average of five. The top three deals included a \$350 million seed round for real estate management startup [Flow](#), a \$300 million Series B for [Mysten Labs](#), and a \$200 million Series A for [Aptos Labs](#), two new "Layer 1" blockchain networks. ETI deal activity represented 12.7% of total seed and early-stage VC funding in the quarter—down from 14.9% in Q1 and near the 10% historical average.

In Q3, we recorded ETI deals across 30 different technology segments. Web3 & decentralized finance (DeFi) represented the largest area of investment, accounting for \$878.9 million across 24 deals. This was followed by financial technology (fintech), accounting for \$737.4 million across 24 deals; biotechnology (biotech), accounting for \$725.8 million across 11 deals; Property tech (proptech), accounting for \$426.2 million across five deals; and artificial intelligence & machine learning (AI & ML), accounting for \$204 million across eight deals.

ETI deal activity



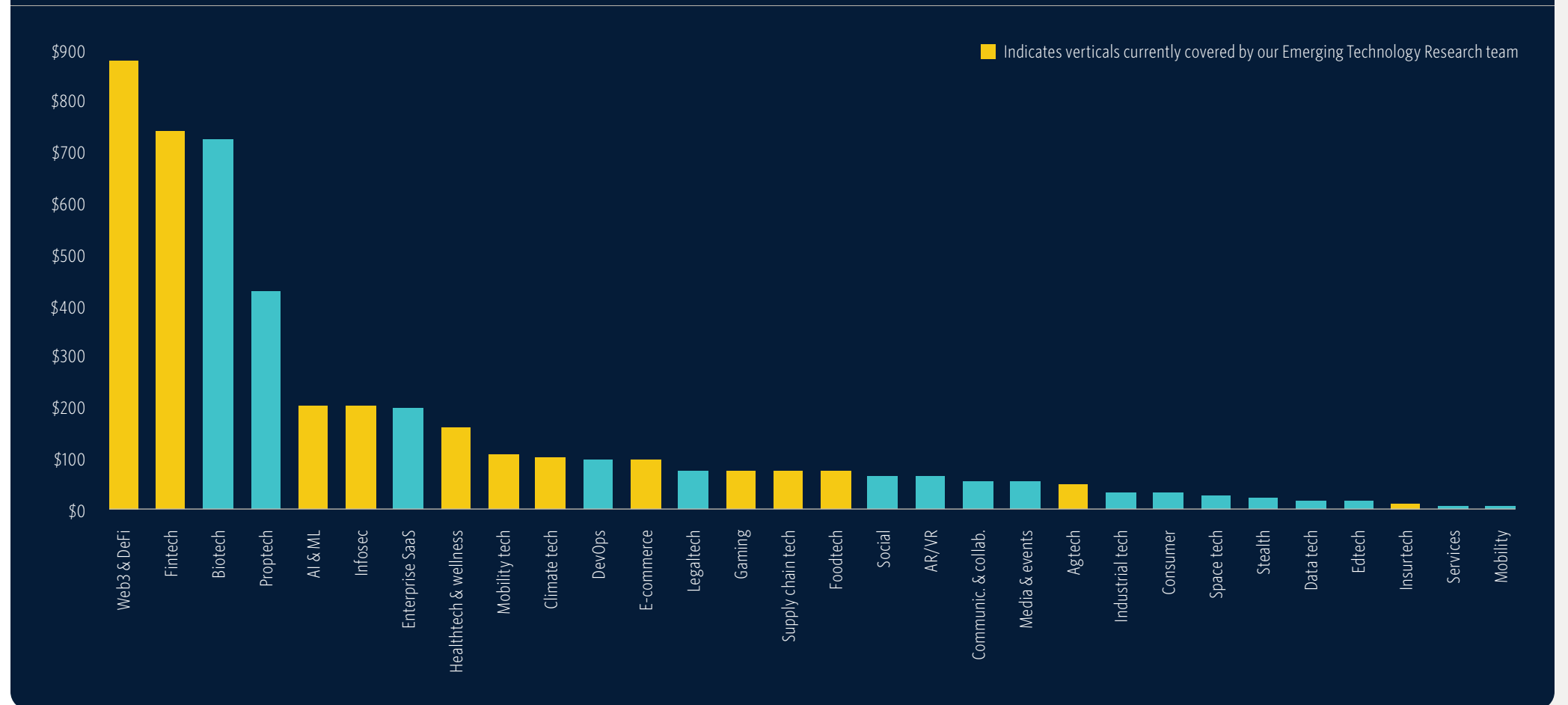
Source: PitchBook | Geography: Global | *As of September 30, 2022



Areas of investment

Looking at trends on a cumulative four-quarter basis, funding for Web3 & DeFi projects has far surpassed other categories of investment. This figure is likely understated given it excluded fundraising via cryptocurrency token sales.

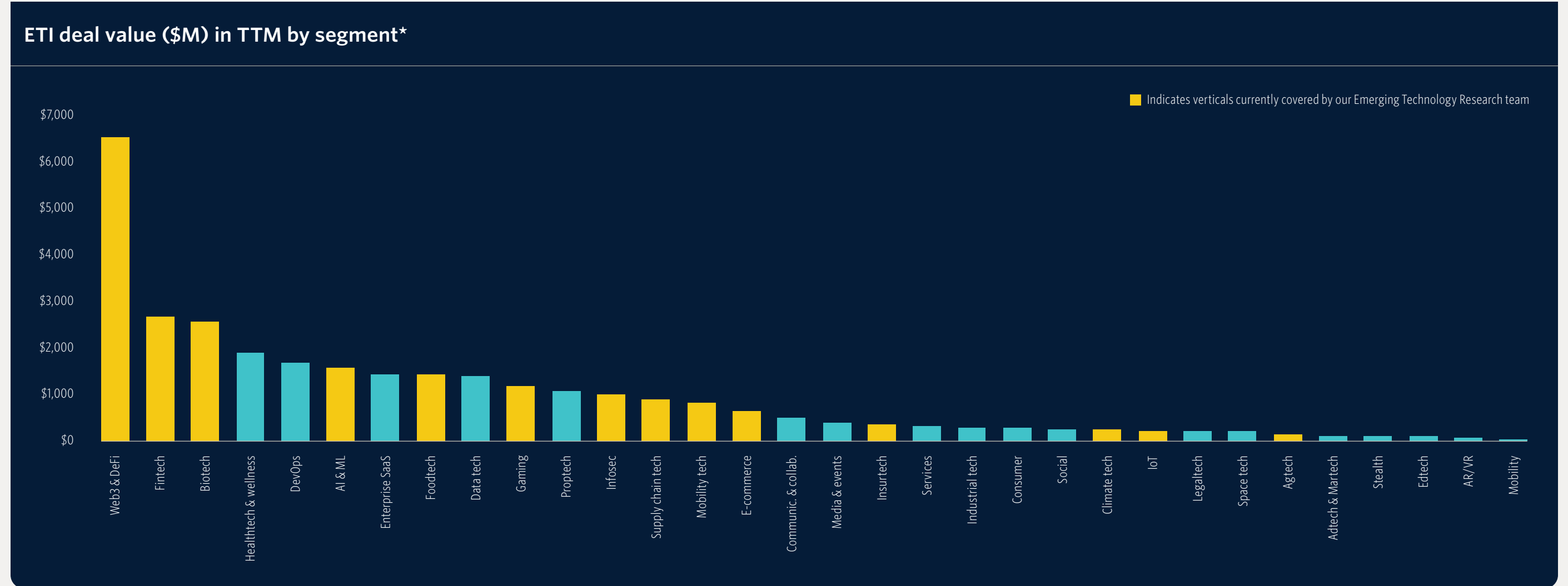
Q3 2022 ETI deal value (\$M) by segment*



Source: PitchBook | Geography: Global | *As of September 30, 2022



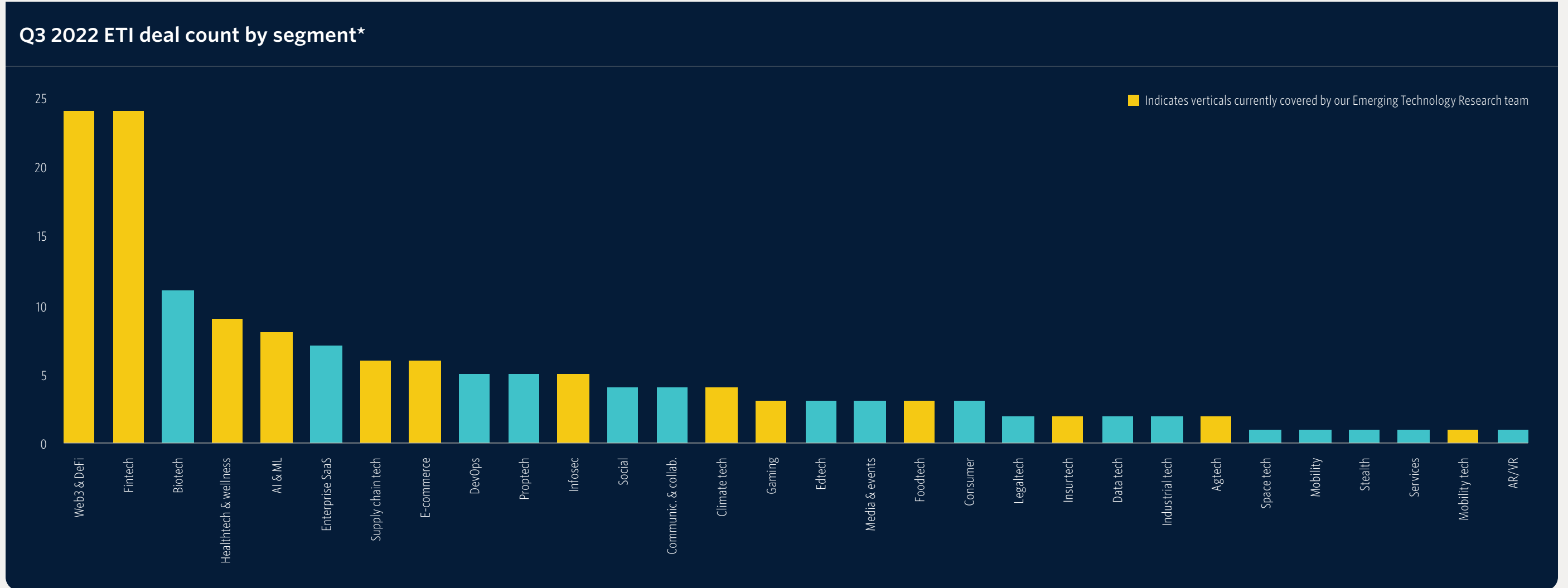
AREAS OF INVESTMENT



Source: PitchBook | Geography: Global | *As of September 30, 2022



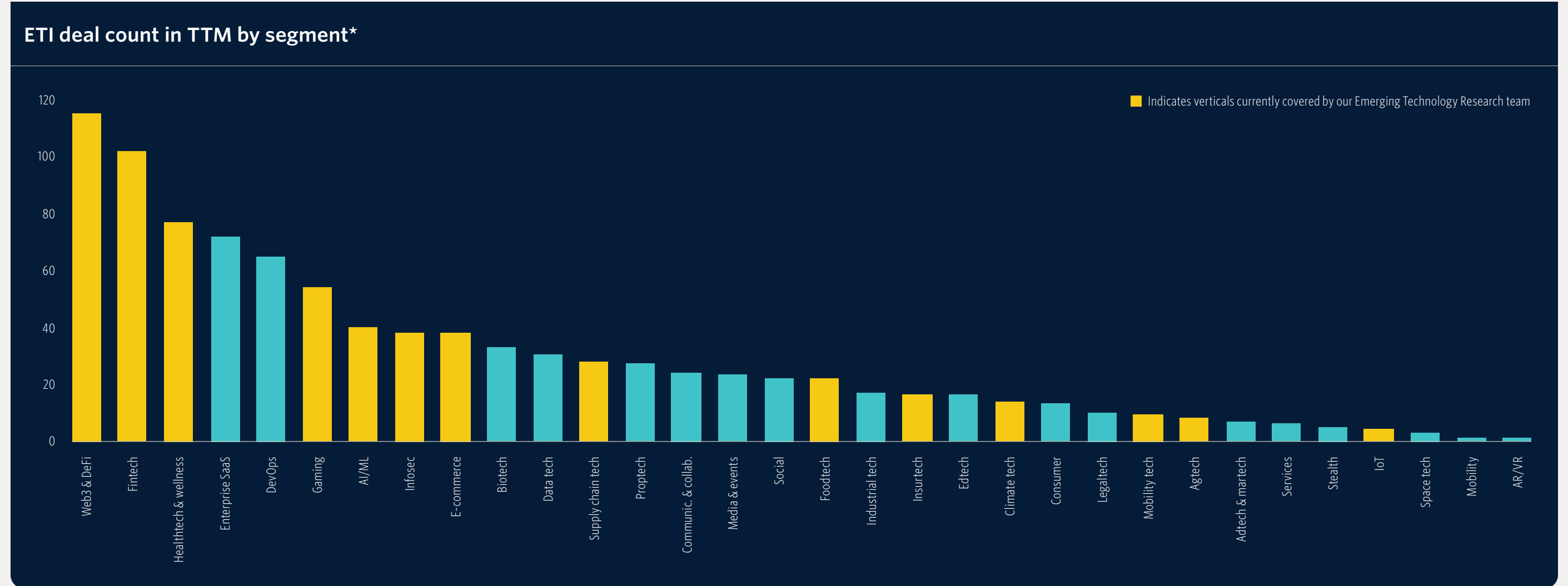
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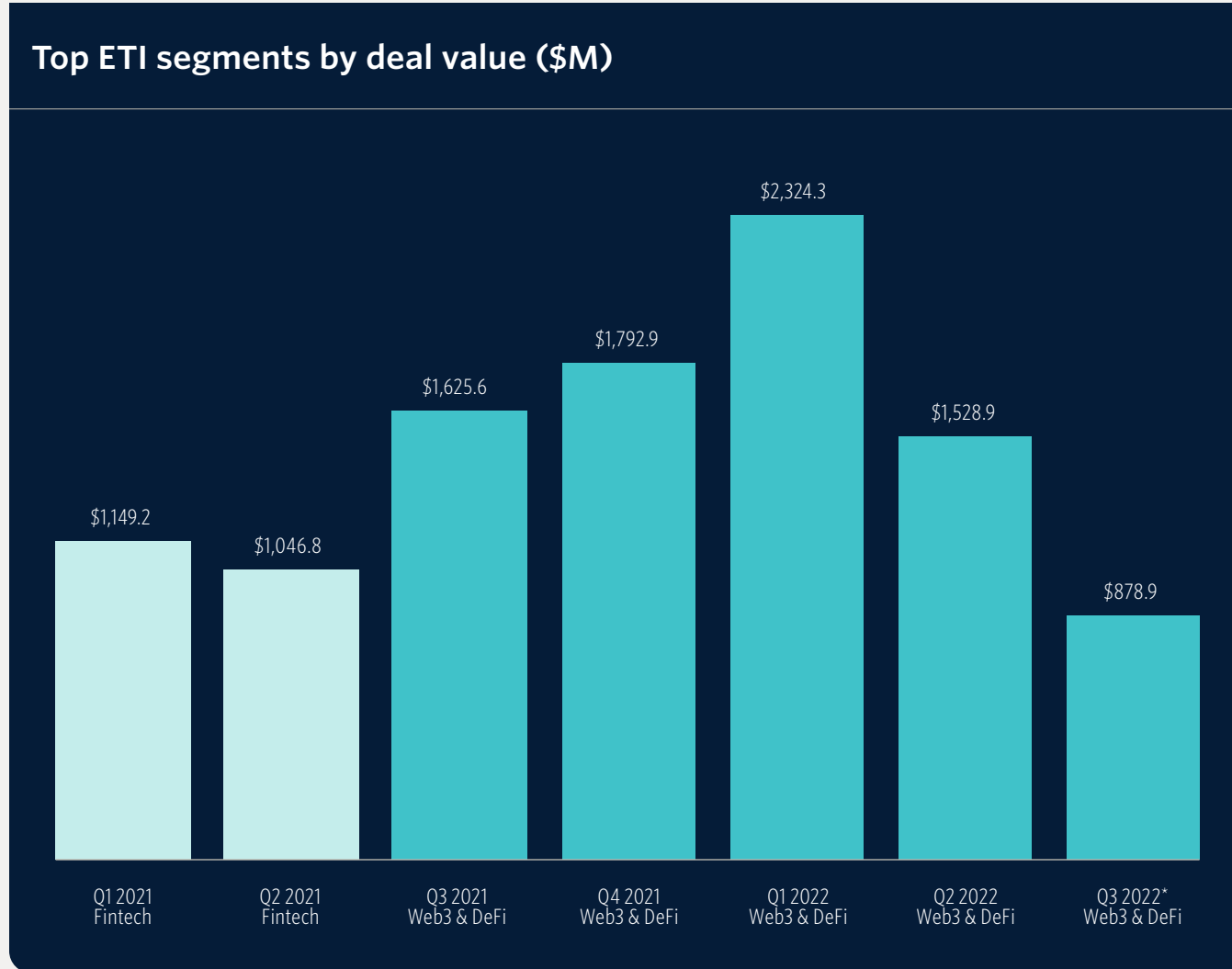
AREAS OF INVESTMENT



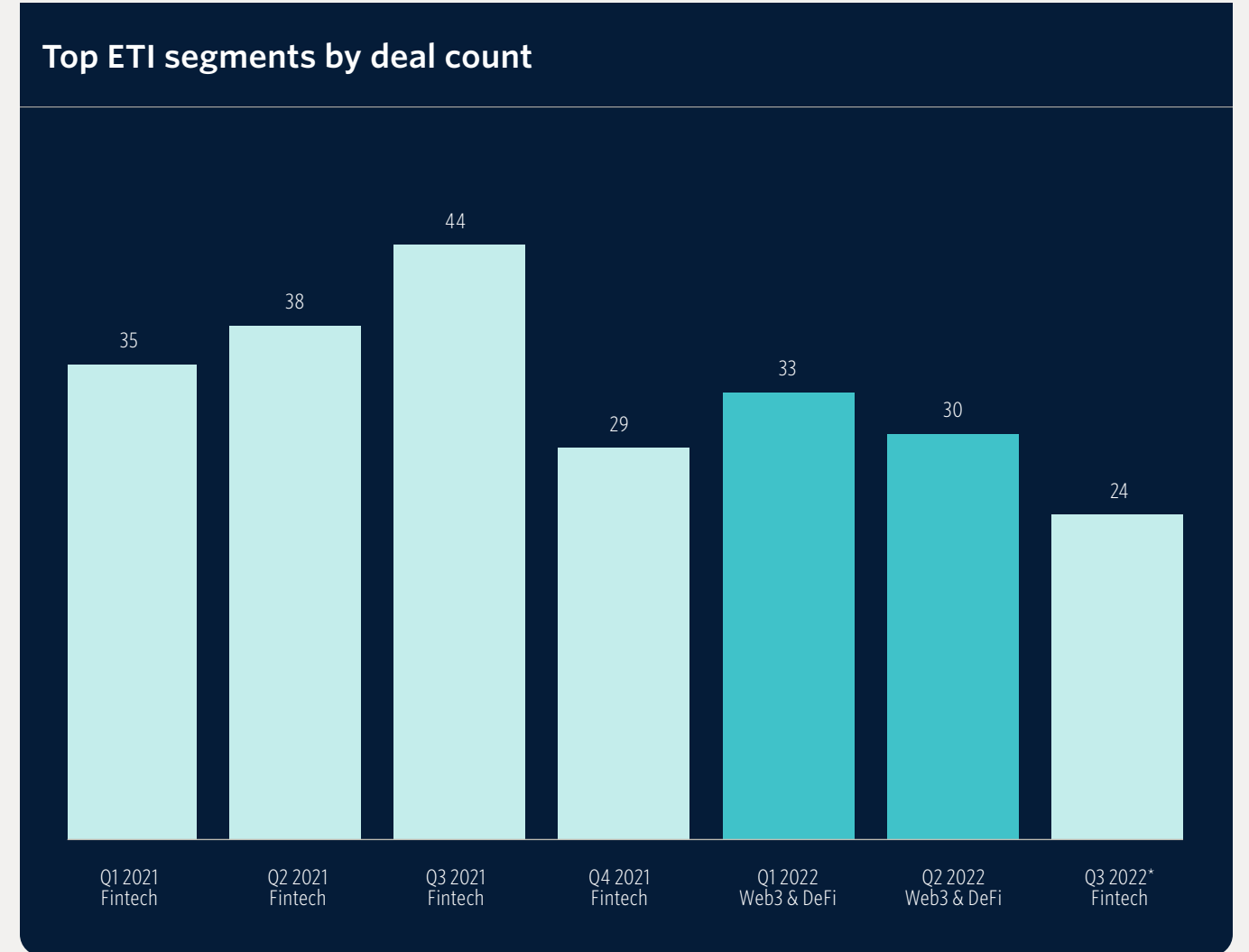
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AREAS OF INVESTMENT



Source: PitchBook | Geography: Global | *As of September 30, 2022



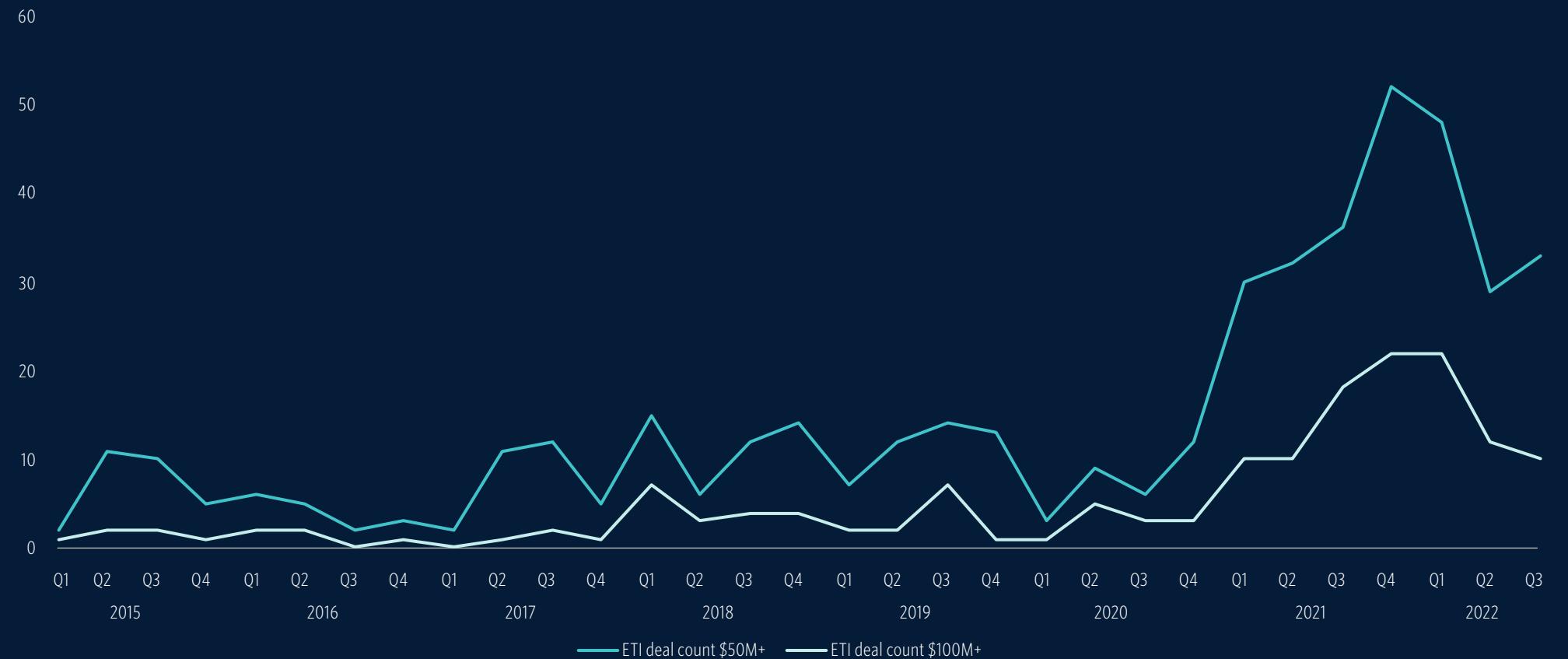
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AREAS OF INVESTMENT

High-value deals have declined in recent quarters, with only ten deals over \$100 million, a notable drop from 22 in the first quarter, though still above the historical quarterly average of five. Similarly, deals over \$50 million declined to 33 in Q3 from 48 in Q1, but are above the historical quarterly average of 15.

ETI deal count over \$50 million and \$100 million



Source: PitchBook | Geography: Global | *As of September 30, 2022



ETI deal segment spotlights



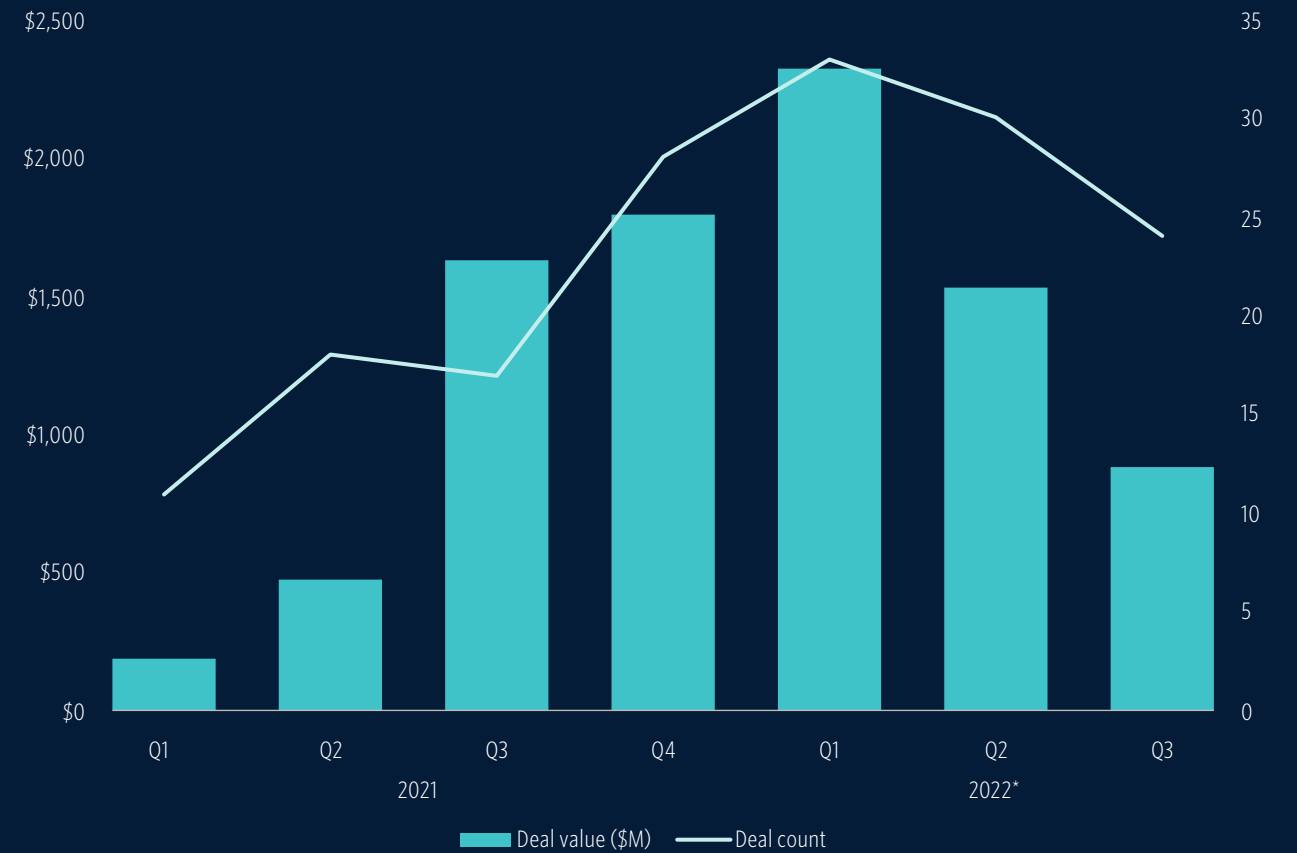
Web3 & DeFi

Web3 & DeFi, broadly referred to as the emerging industry for decentralized software protocols and blockchain-based products and services, maintained its streak as the primary target of ETI capital with \$879 million invested across 24 deals. Simultaneously, cryptocurrency deal activity in general is trending downward—in Q1 2021 it peaked at over \$2.3 billion invested across 33 deals. It's possible that growing regulatory risk, depressed cryptocurrency prices, and the broader macroeconomic environment have contributed to this relative slowdown. While the strength of investment in this category suggests sustained interest from ETI investors, the recent failure of cryptocurrency trading platform FTX and the subsequent contagion across the industry is likely to have a negative impact on future investment levels. Still, we note there are areas of the cryptocurrency ecosystem that are less exposed to trading activity, which could be less impacted by the fallout from FTX.

For example, the two largest investments in Q3 were captured by companies seeking to challenge the existing slate of blockchain protocols. [Mysten Labs](#) and [Aptos Labs](#) are both developing brand-new, proof-of-stake Layer 1 blockchains that may compete with established players like [Ethereum](#) and [Solana](#). Both blockchains are written with a Rust-based programming language called Move—originally developed by for [Meta's](#) Diem project.

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

Web3 & DeFi ETI deal activity



Source: PitchBook | Geography: Global | *As of September 30, 2022

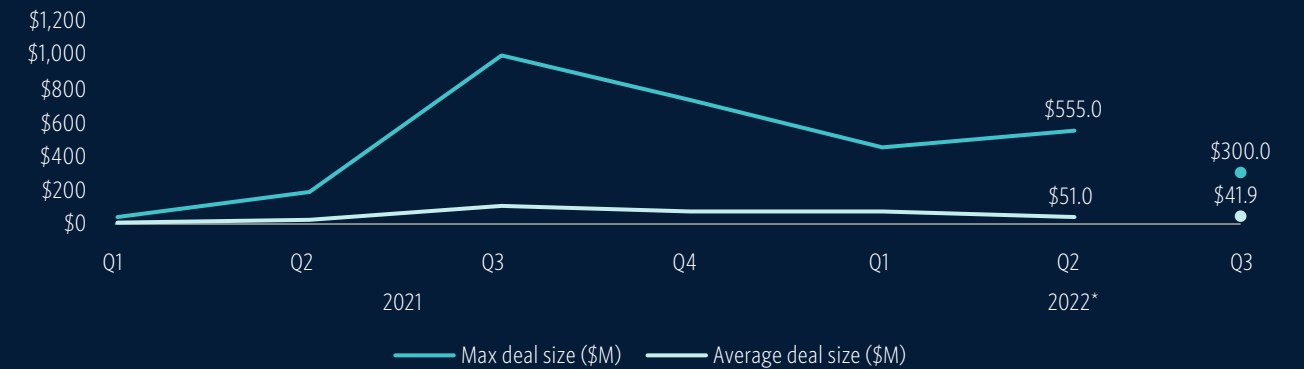


WEB3 & DEFI

Web3 & DeFi also offers an expansive product set that demonstrates the abundant potential in this space, particularly in areas that apply traditional tools of finance and software development. The next largest deal was a \$100 million Series A by [Safe](#), a digital asset management platform focused on secure custody. [Community Labs](#), which provides Web3 development tools, secured \$30 million in Series A funding. [Spectral Finance](#), an on-chain credit scoring system, raised \$23 million in a Series B round. Data management platform [Pinata](#) raised \$21.5 million in a Series A. Other areas of investment included decentralized identity ([.bit](#)), multifunctional wallets ([Ultimate](#)), and accounting software ([Tactic](#)).

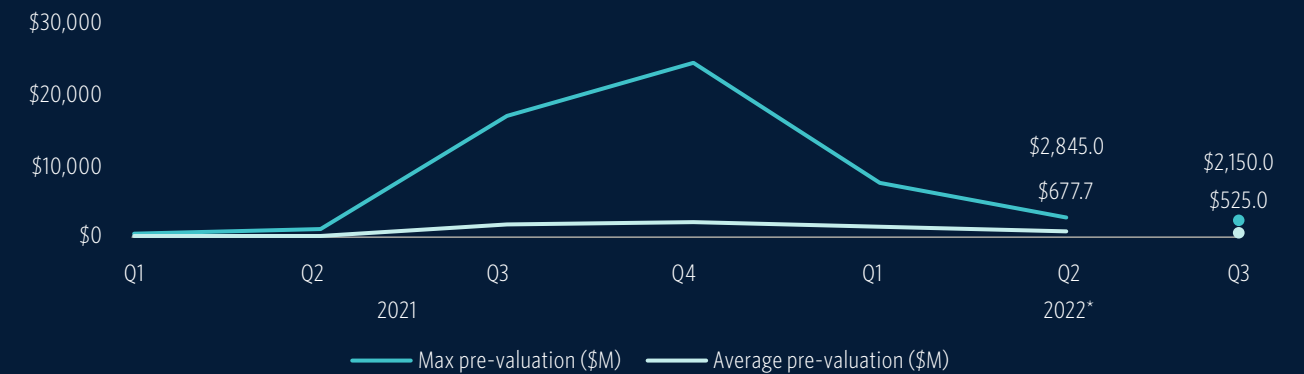
Non-fungible-token-related (NFT-related) startups also continue to generate hype. Communities like [VeeFriends](#), which raised \$50 million in seed funding, and [Proof](#), which raised a \$50 million Series A, were tied for the fourth largest deals raised in Q3. Projects like [Optic](#) and [Center](#), fraud and search tools respectively, aim to bring conventional finance applications to the NFT ecosystem.

Largest and average Web3 & DeFi ETI deal value (\$M)



Source: PitchBook | Geography: Global | *As of September 30, 2022

Largest and average Web3 & DeFi pre-money valuations for closed deals (\$M)



Source: PitchBook | Geography: Global | *As of September 30, 2022



WEB3 & DEFI

Web3 & DeFi ETI deals*

Company	Focus	Deal type	Deal size (\$M)	Post-money valuation (\$M)
Mysten Labs	Blockchain infrastructure technology platform	Series B	\$300.0	\$2,000.0
Aptos Labs	Layer 1 blockchain network	Series A	\$200.0	\$2,350.0
Safe	Digital asset management platform	Series A	\$100.0	N/A
Proof	NFT-based event community	Series A	\$50.0	N/A
VeeFriends	NFT community	Seed	\$50.0	N/A
Community Labs	Application development tools focused on Arweave crypto storage	Series A	\$30.0	N/A
Spectral Finance	On-chain crypto credit scoring system	Series B	\$23.0	\$230.0
Pinata	Data management platform desgined to secure and move data for blockchains	Series A	\$21.5	N/A
.bit	Decentralized personal information account	Series A	\$13.0	N/A
Ultimate	Mutli-functional DeFi wallet	Series A	\$12.7	\$53.4
Tactic	Crypto accounting software that integrates with traditional accounting	Series A	\$11.0	N/A
Optic	NFT fraud and verification protocol	Seed	\$11.0	N/A

Source: PitchBook | Geography: Global | *As of September 30, 2022



WEB3 & DEFI

Web3 & DeFi ETI deals, continued*

Company	Focus	Deal type	Deal size (\$M)	Post-money valuation (\$M)
Center	NFT search and discoverability tools	Seed	\$11.0	N/A
HotStreak	Blockchain-based online marketplace for digital sports collectibles	Seed	\$11.0	\$41.0
Manifold Technologies	Smart contract development platform	Series A	\$9.0	\$41.0
Skip Protocol	Cryptocurrency mining transaction infrastructure protocol	Seed	\$7.9	N/A
Kaito.ai	AI-driven crypto data and research platform	Seed	\$6.5	\$28.5
Secure3	Web3 security and auditing service	Seed	\$5.3	N/A
TwitterScan	NFT tracking analytics	Seed	\$5.0	N/A
Binocs	Crypto tax and compliance software	Seed	\$4.6	N/A
Solvo	Crypto trading wallet	Seed	\$4.0	N/A
Tokuten	Digital asset management - stealth	Seed	N/A	N/A
Hooked Protocol	Infrastructure tools for Web3 app development	Early-stage VC	N/A	N/A
EDX Markets	Digital assets exchange	Early-stage VC	N/A	N/A

Source: PitchBook | Geography: Global | *As of September 30, 2022



Fintech

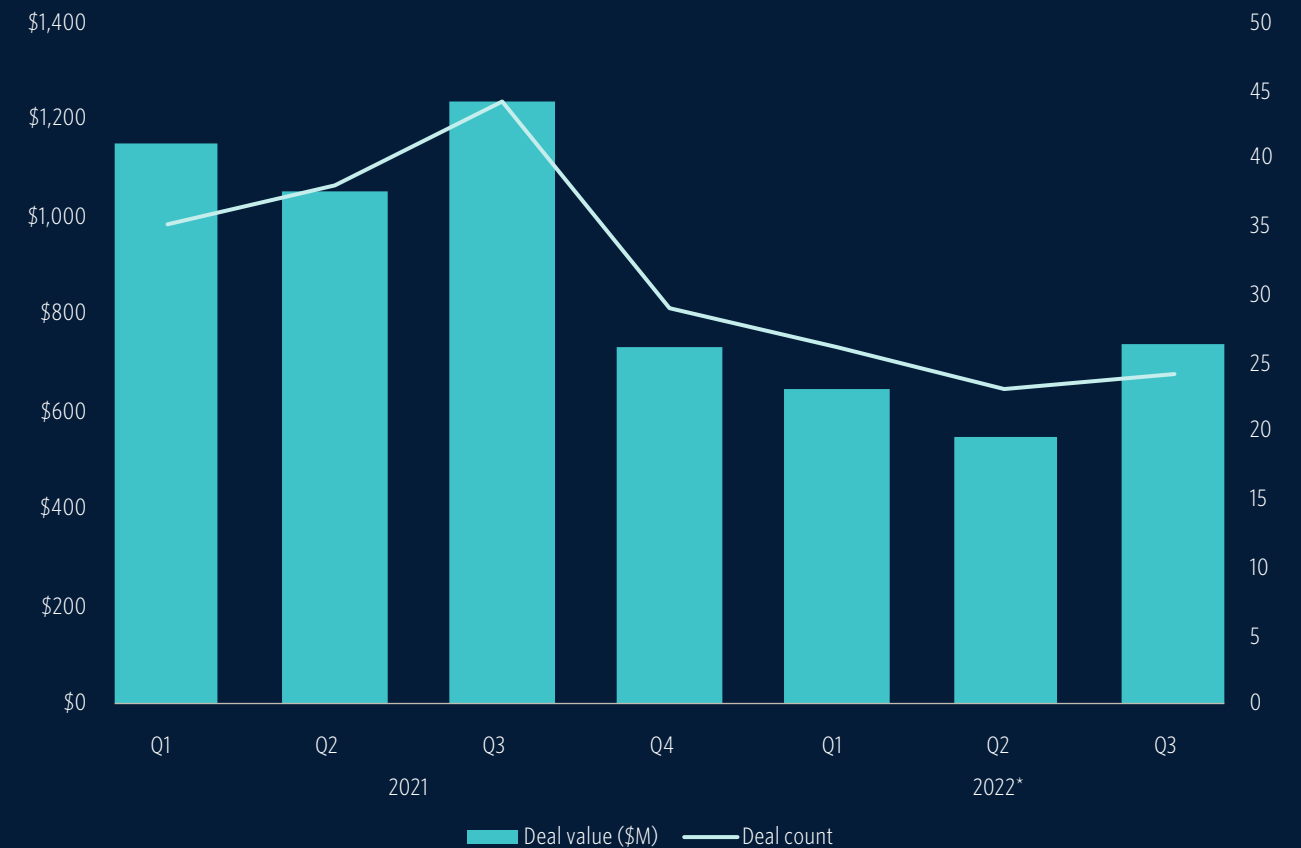
Fintech was the second largest area of ETI investment at over \$737 million across 24 deals. This is relatively consistent activity since Q4 2021, indicating that fintech is still very much a mainstay of top VC investors. While the largest fintech deals remain at levels consistent with recent trends, average valuations for ETI startups in this space have declined from peak levels in previous quarters.

Q3 deals in fintech show there is concerted interest in a wide variety of startups offering industry-specific fintech solutions. The largest deal was a \$155 million Series B secured by [AtoB](#), a payments infrastructure company focused on the transportation industry. In the healthcare financing space, [Nitra](#) raised \$62 million in early-stage VC funding for its AI-powered financial management software. The third largest deal involved [Valon Mortgage](#), the developer of a consumer mortgage management platform, which raised \$60 million in Series B funding.

Fintech startups focused on the global market are also raising significant capital. [Pomelo](#), a financial infrastructure software focused on Latin America, raised \$50 million in Series A funding. Two India-based wealth management startups, [Jar](#) and [Dezerv](#), raised \$22.6 million in a Series B and \$20.7 million in a Series A, respectively. [NG Cash](#), a digital wallet for the Brazilian market, raised \$10 million in a Series A funding round. International-oriented startups like [Hidden Road](#), a global credit network, raised \$50 million in early-stage VC. \$10 million in seed round funding was raised by [PayAll](#), a cross-border payment processing platform.

Likewise, startups focused on business products & services also garnered large shares of investor interest. Payments platform [Balance](#), which raised \$56 million in Series B funding, buy-now-pay-later platform [topi](#), which raised \$45 million in Series A funding, and financial operations optimization software [Sequence](#), which raised \$19 million in seed funding, all demonstrate that there is continued opportunity in the business products & services component of fintech.

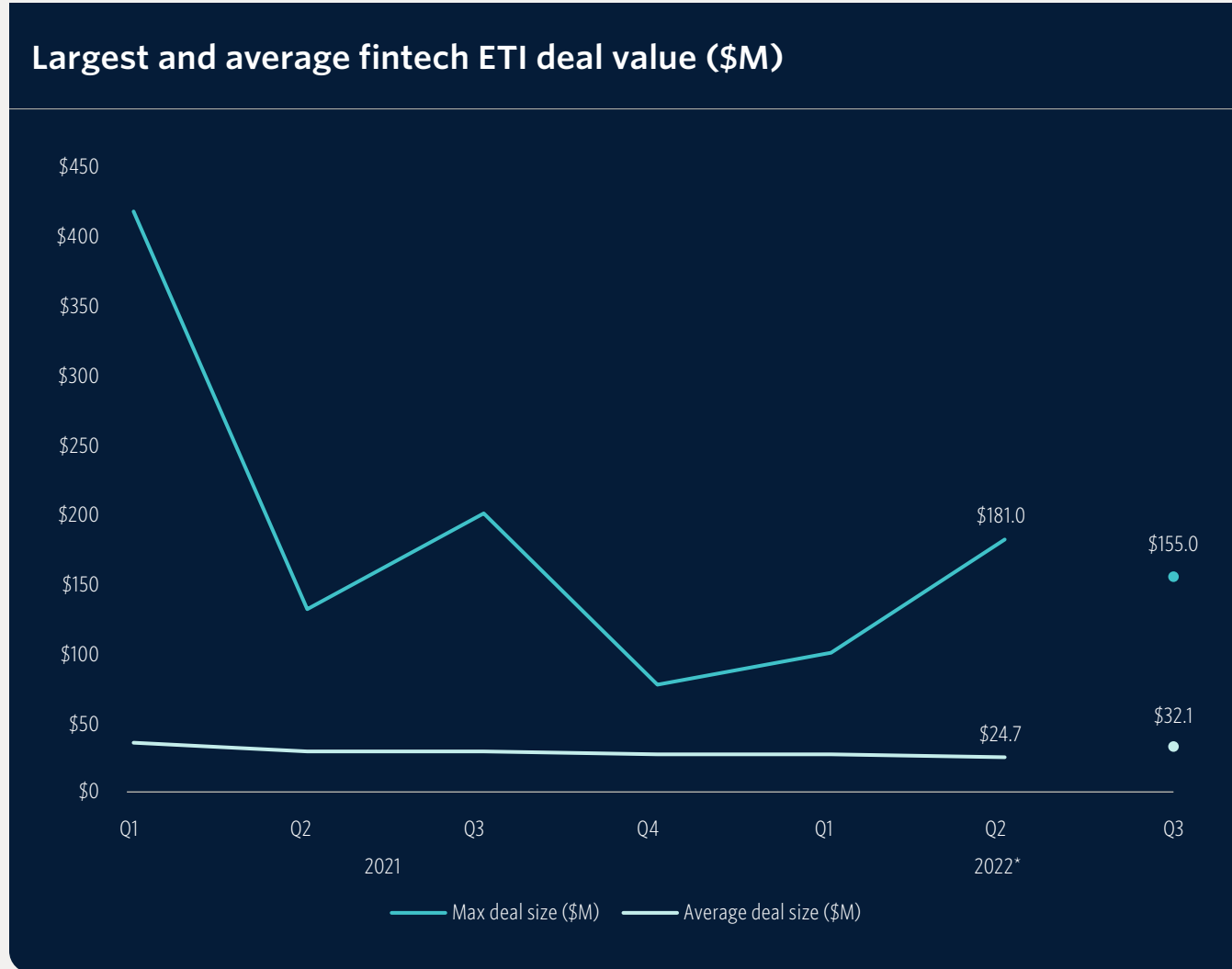
Fintech ETI deal activity



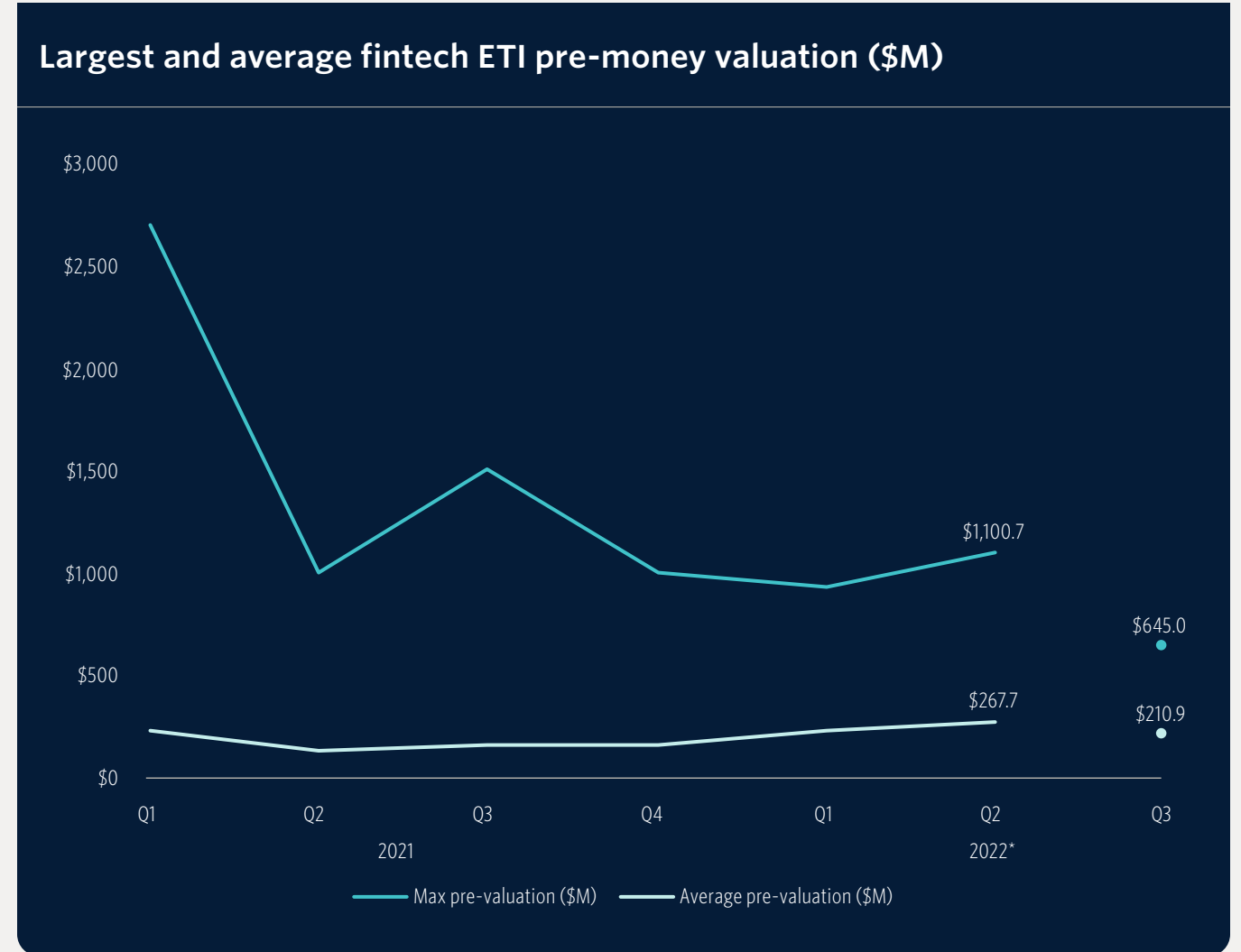
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FINTECH



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FINTECH

Fintech ETI deals*

Company	Focus	Deal type	Deal size (\$M)	Post-money valuation (\$M)
AtoB	Payments infrastructure for the transportation industry	Series B	\$155.0	\$800.0
Nitra	AI-powered healthcare financing tools	Early-stage VC	\$62.0	N/A
Valon Mortgage	Consumer mortgage management platform	Series B	\$60.0	N/A
Balance	Business products & services payments platform	Series B	\$56.0	\$356.0
Sardine	Suite of APIs for digital and crypto payments, fraud and compliance	Early-stage VC	\$51.5	\$471.5
Pomelo	Financial infrastructure software focused on Latin America	Series A	\$50.0	N/A
Hidden Road	Global credit network for institutional investors that specializes in digital markets	Early-stage VC	\$50.0	N/A
topi	Business products & services focused buy-now-pay-later platform	Series A	\$45.0	N/A
Pulley	Cap table and equity management platform	Series B	\$40.0	\$255.0
Jar	Digital gold savings platform for Indian market	Series B	\$22.6	\$300.0
Dezerv	India-based wealth management platform	Series A	\$20.7	\$100.0
Sequence	Business products & services software that optimizes business financial operations	Seed	\$19.0	\$75.0

Source: PitchBook | Geography: Global | *As of September 30, 2022



FINTECH

Fintech ETI deals, continued*

Company	Focus	Deal type	Deal size (\$M)	Post-money valuation (\$M)
D-Bank	Digital bank in stealth mode	Seed	\$17.6	N/A
R2	Latin America-based financing and payments platform for e-commerce	Series A	\$15.0	\$100.0
Mercantile	Corporate card service for small and medium businesses	Series A	\$15.0	N/A
NG Cash	Brazil-based digital wallet	Series A	\$10.1	N/A
PayAll	Bank processing platform that facilitates cross-border payments	Seed	\$10.0	N/A
Jify	Indian-based financial management tool that grants employees access to their salaries in real time	Series A	\$10.0	N/A
Taekus	Retail credit card intended to maximize travel rewards	Seed	\$6.9	\$25.9
Paytrix	Digital retail payments management platform	Seed	\$6.0	\$18.2
Halliday	Buy now, pay later focused on NFT gaming assets	Seed	\$6.0	N/A
Deposits	Cloud-based turnkey Fintech solution aimed at community banks and credit unions	Seed	\$5.0	N/A
Quiltt	Low-code embeddable FinTech infrastructure platform	Seed	\$4.00	N/A
Belvo	Open banking API platform	Early-stage VC	N/A	N/A

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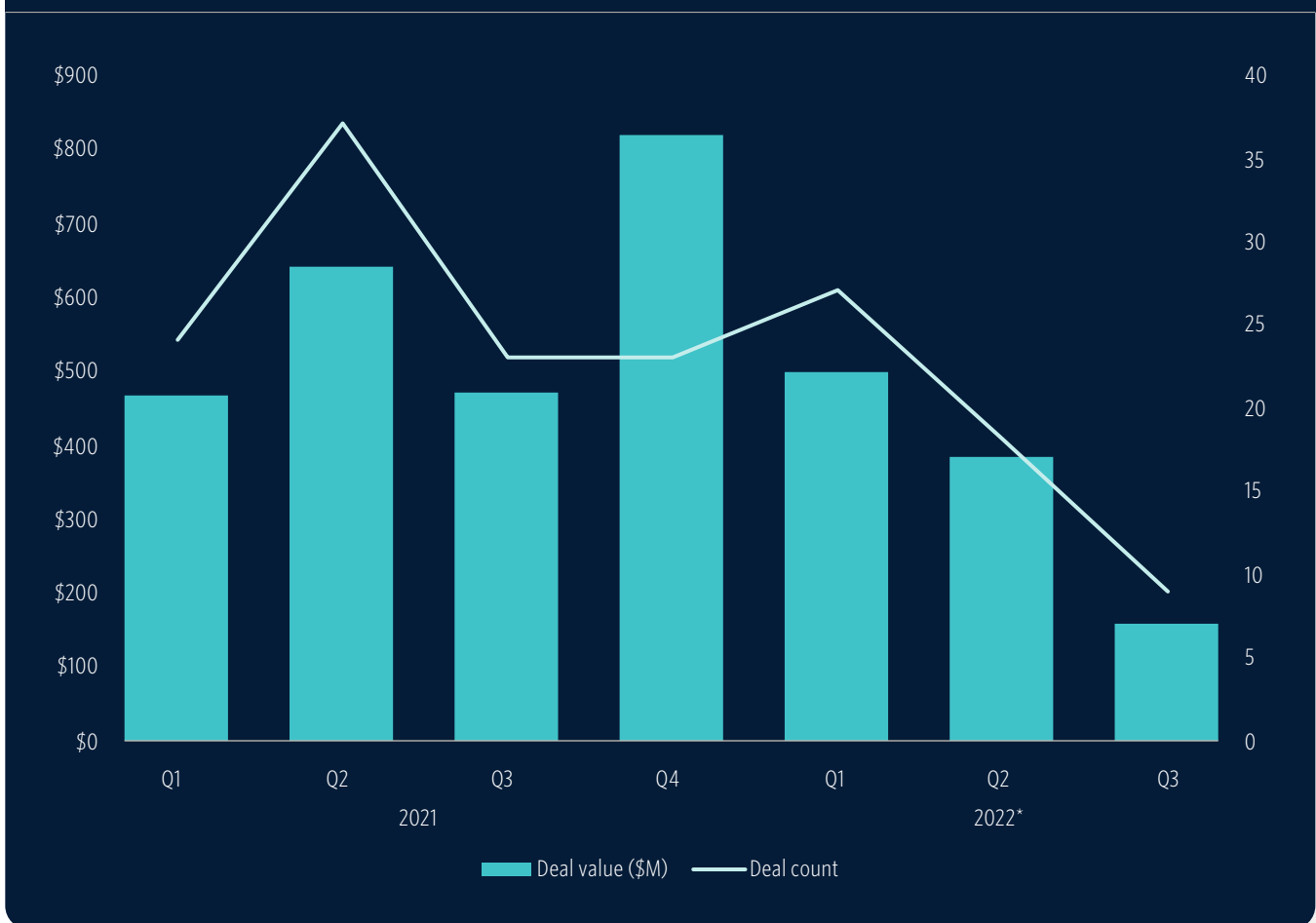


Healthtech & wellness

The healthtech & wellness segment generated the fourth largest amount of ETI deals in Q3, with nine deals raising a total of \$157.9 million. Telehealth services captured the bulk of health & wellness tech deal activity with startups such as [Homeward](#), a telehealth primary care provider for the rural United States, raising the most in Q3 with \$50 million in Series B funding. [Plume](#), a telehealth service for hormone therapy, raised \$24 million in Series B funding, [Maximus Health](#), a men's health telehealth company, raised \$10 million in a Series A. [Dr. B](#), a telehealth prescription service, raised \$8 million in early-stage VC funding. The focus on telehealth products suggests that investors suspect continued digitization of health services as a result of the pandemic.

Another popular subsegment is mental health services. [Rippl Care](#), a senior-focused mental healthcare service, captured the second largest deal in Q3 with \$32 million in a seed round. [Hopscotch](#), a pediatric mental healthcare service, and [Cartwheel Care](#), a mental healthcare platform for schools, raised \$8 million and \$3.9 million in seed rounds, respectively.

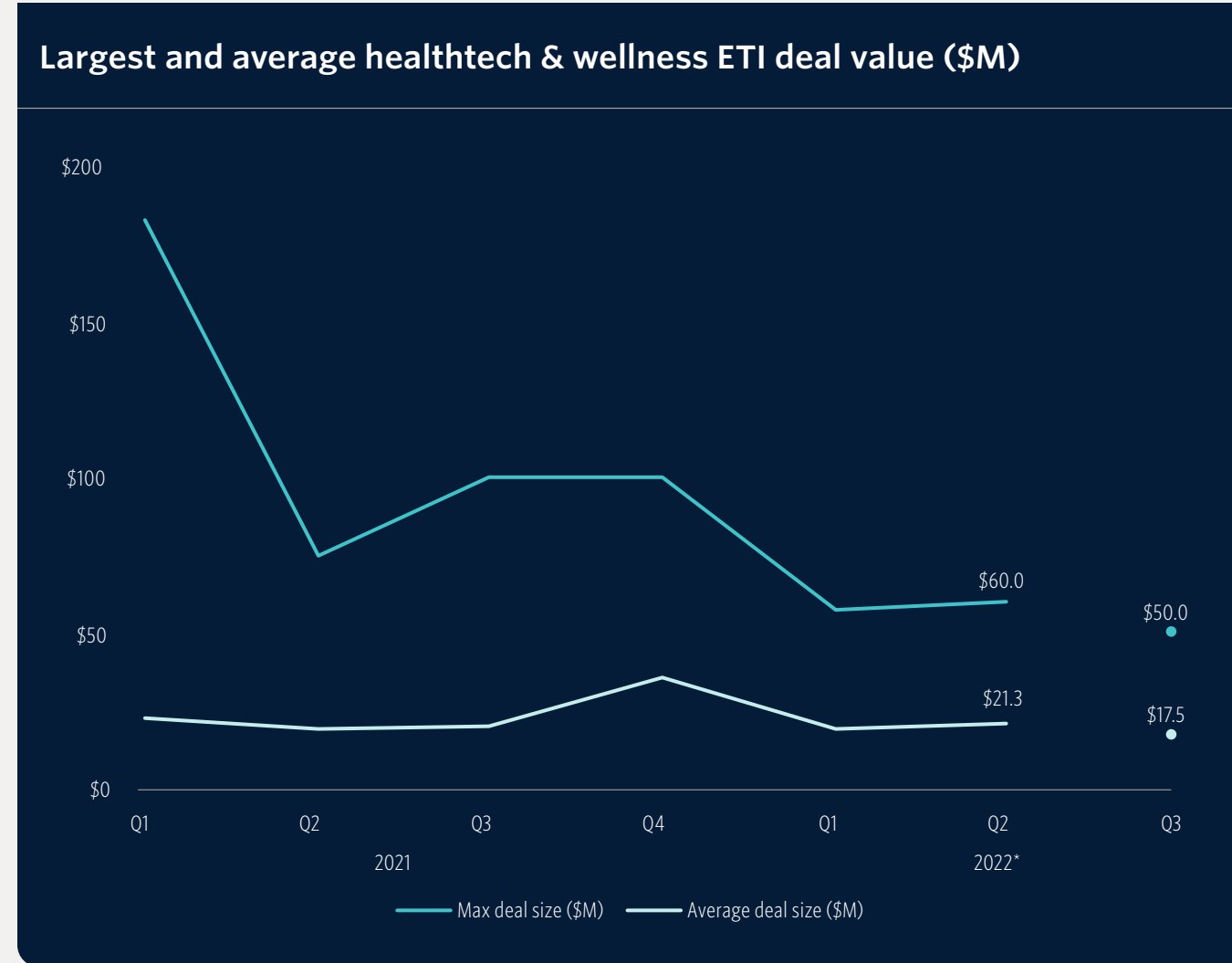
Healthtech & wellness ETI deal activity (\$M)



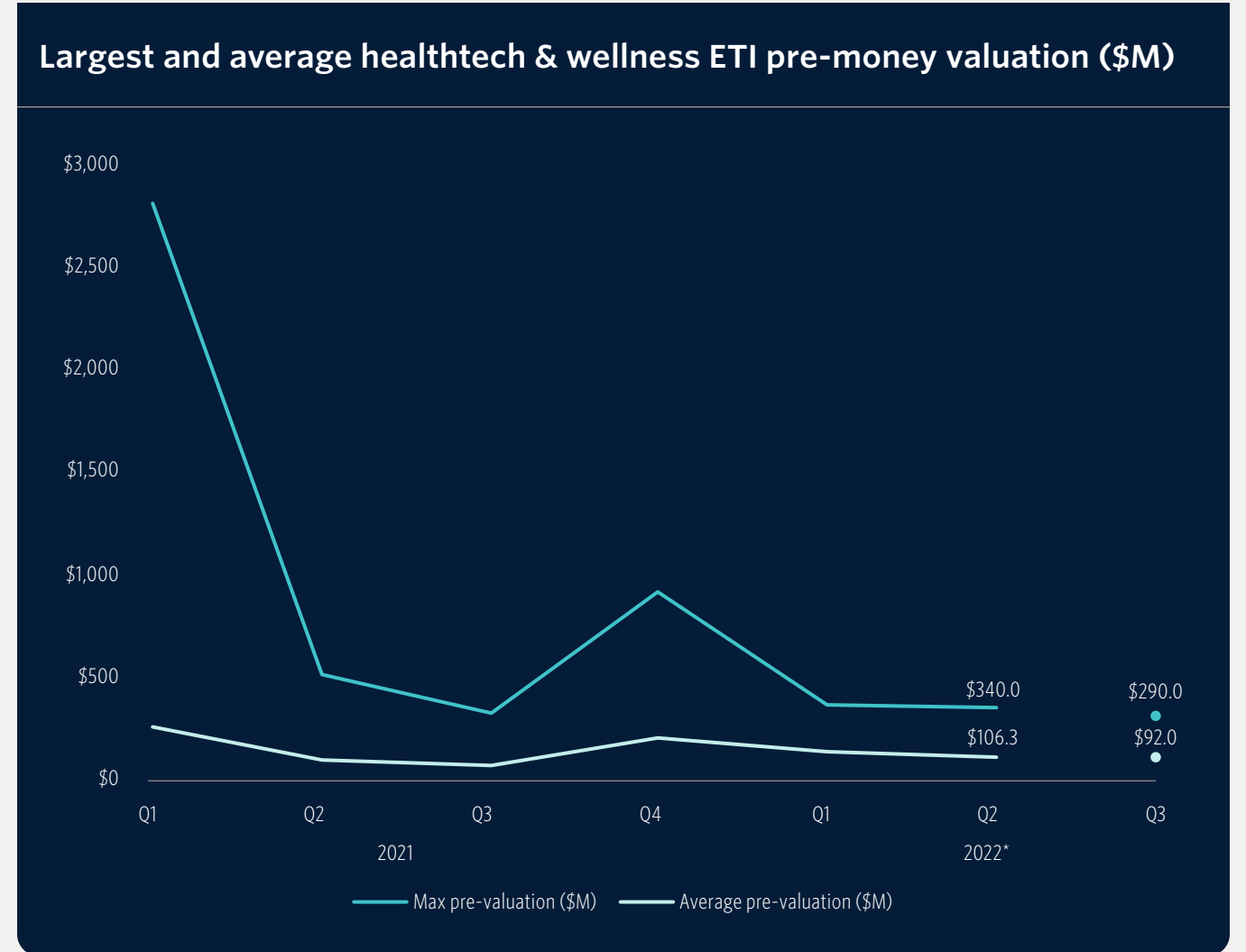
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HEALTHTECH & WELLNESS



Source: PitchBook | Geography: Global | *As of September 30, 2022



Source: PitchBook | Geography: Global | *As of September 30, 2022



HEALTHTECH & WELLNESS

Healthtech & wellness ETI deals*

Company	Focus	Deal type	Deal size (\$M)	Post-money valuation (\$M)
Homeward	Digital and mobile primary care health services for the rural US	Series B	\$50.0	\$340.0
Rippl Care	Healthcare for seniors with mental health conditions	Seed	\$32.0	\$52.0
Plume	Telehealth services for hormone therapy	Series B	\$24.0	\$65.0
CertifyOS	End-to-end network management platform designed to automate healthcare provider credentialing	Series A	\$14.5	N/A
Maximus Health	Telehealth company focused on men's health	Series A	\$10.0	N/A
Hopscotch	Virtual platform for pediatric mental healthcare	Seed	\$8.0	\$25.0
Dr. B	Telehealth prescriptions	Early-stage VC	\$8.0	N/A
Roon	Medical education platform	Seed	\$7.5	N/A
Cartwheel Care	Telehealth based mental health platform for schools	Seed	\$3.9	N/A

Source: PitchBook | Geography: Global | *As of September 30, 2022



Biotech

Biotech was the third-largest area of ETI investment at \$726 million raised across 11 deals. This was an increase from Q2's \$523 million in ETI capital, but remains in line with trends over the last several quarters. Early-stage biotech deal sizes tend to be large, reflecting capital intensive R&D needs as well as the sizeable market opportunity for successful new therapeutics. The industry also exhibits acyclical tendencies, leaving it somewhat more insulated from swings in the economy that impact other ETI categories.

Several startups focused on cancer and oncology opportunities raised significant rounds, including the largest Q3 biotech deal—a \$122 million Series A for [IDRx](#). The startup is developing precision-based combination treatments, like drug cocktails, that target tumors along with secondary targeting molecules intended to stop mutations that may allow the tumor to evade certain treatments. Other cancer-focused startups include [Xilis](#), which raised a \$89 million Series A, and provides a drug-candidate screening platform for oncology drugs, and [Cartography](#) which raised a \$57 million Series A, and seeks to help discover potentially treatable cancers that current medicines don't address.

Other notable deals include a \$103 million seed round for [Orbital Therapeutics](#), which is focused on developing RNA-based therapeutics; an \$80 million Series B for [BigHat Biosciences](#), which is focused on using AI & ML technology to search for antibody therapies; and a \$75 million Series B for [Vitara Biomedical](#), a startup seeking to develop a platform of neonatal care technologies.

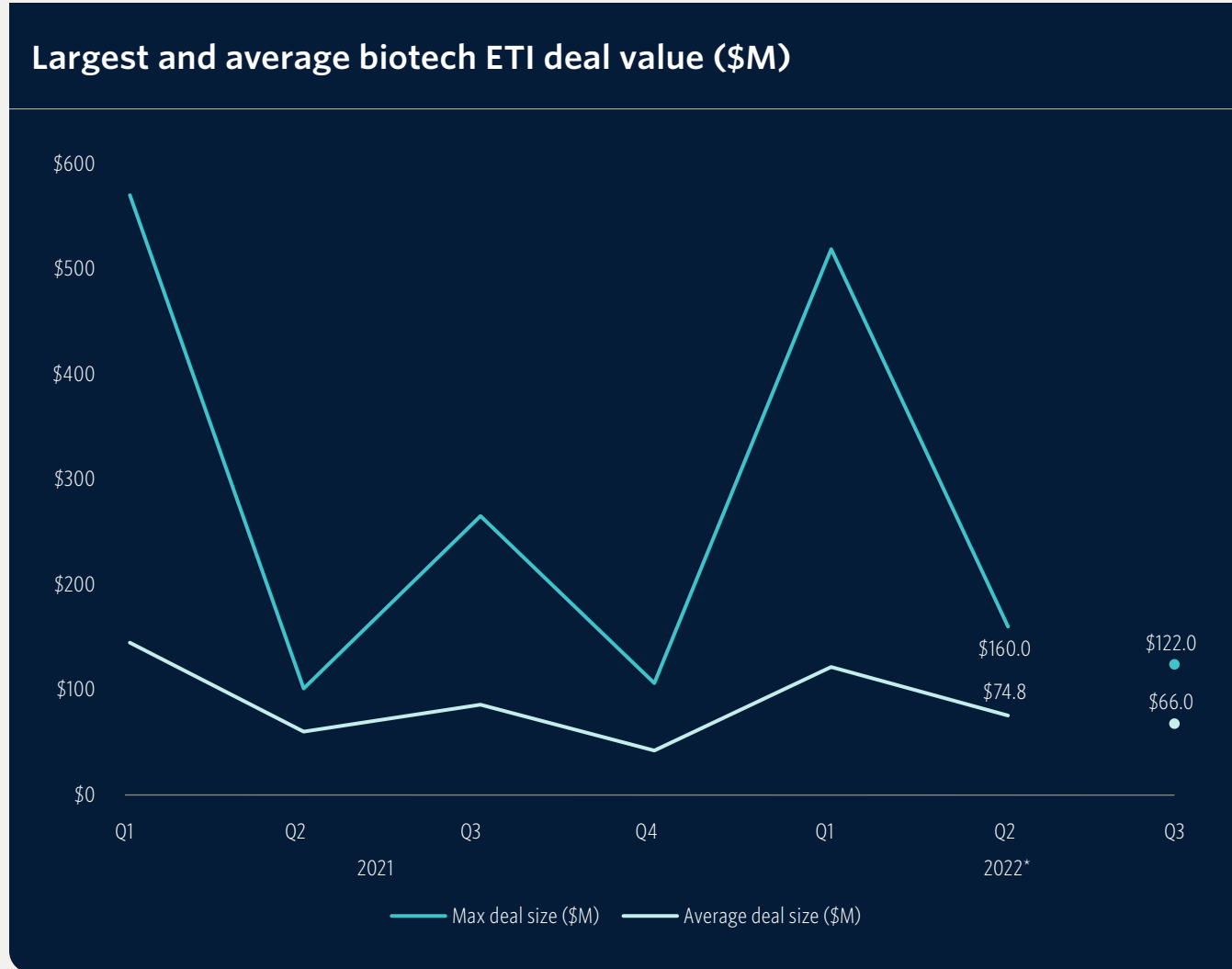
Biotech ETI deal activity (\$M)



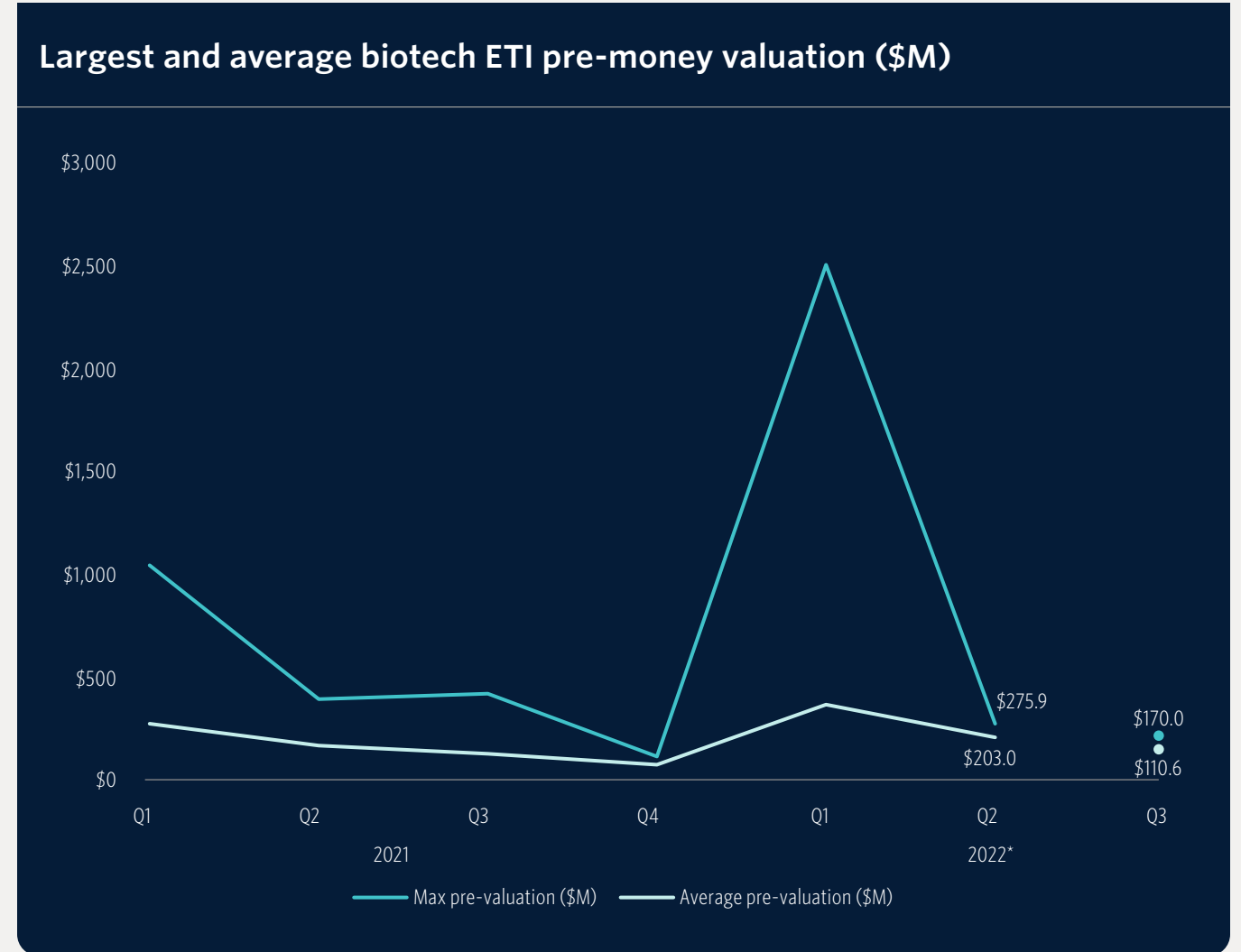
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BIOTECH



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BIOTECH

Biotech ETI deals*

Company	Focus	Deal type	Deal size (\$M)	Post-money valuation (\$M)
IDRx	Cancer-focused combination therapeutics	Series A	\$122.0	\$216.0
Orbital Therapeutics	RNA therapeutics platform	Seed	\$103.0	\$273.0
Xilis	Platform for precision therapy for cancer patients and accelerated drug discovery	Series A	\$89.0	\$220.0
BigHat Biosciences	Antibody discovery platform	Series B	\$80.0	\$245.0
Vitara Biomedical	Therapeutic platform for supporting premature infants	Series B	\$75.0	N/A
Pretzel Therapeutics	Mitochondrial therapeutics	Series A	\$72.5	N/A
Vicinitas Therapeutics	Developer of small molecule drugs that can stabilize key proteins	Series A	\$65.0	\$94.0
Cartography	Cancer therapy development via precision medicine	Series A	\$57.0	\$130.0
Genesis Therapeutics	Computational platform designed for the discovery of small-molecule drugs	Series A2	\$47.3	\$147.3
Nucleus	Genetic testing and analysis platform	Seed	\$14.0	N/A
Cromatic	Drug discovery R&D outsourcing platform	Seed	\$1.0	N/A

Source: PitchBook | Geography: Global | *As of September 30, 2022



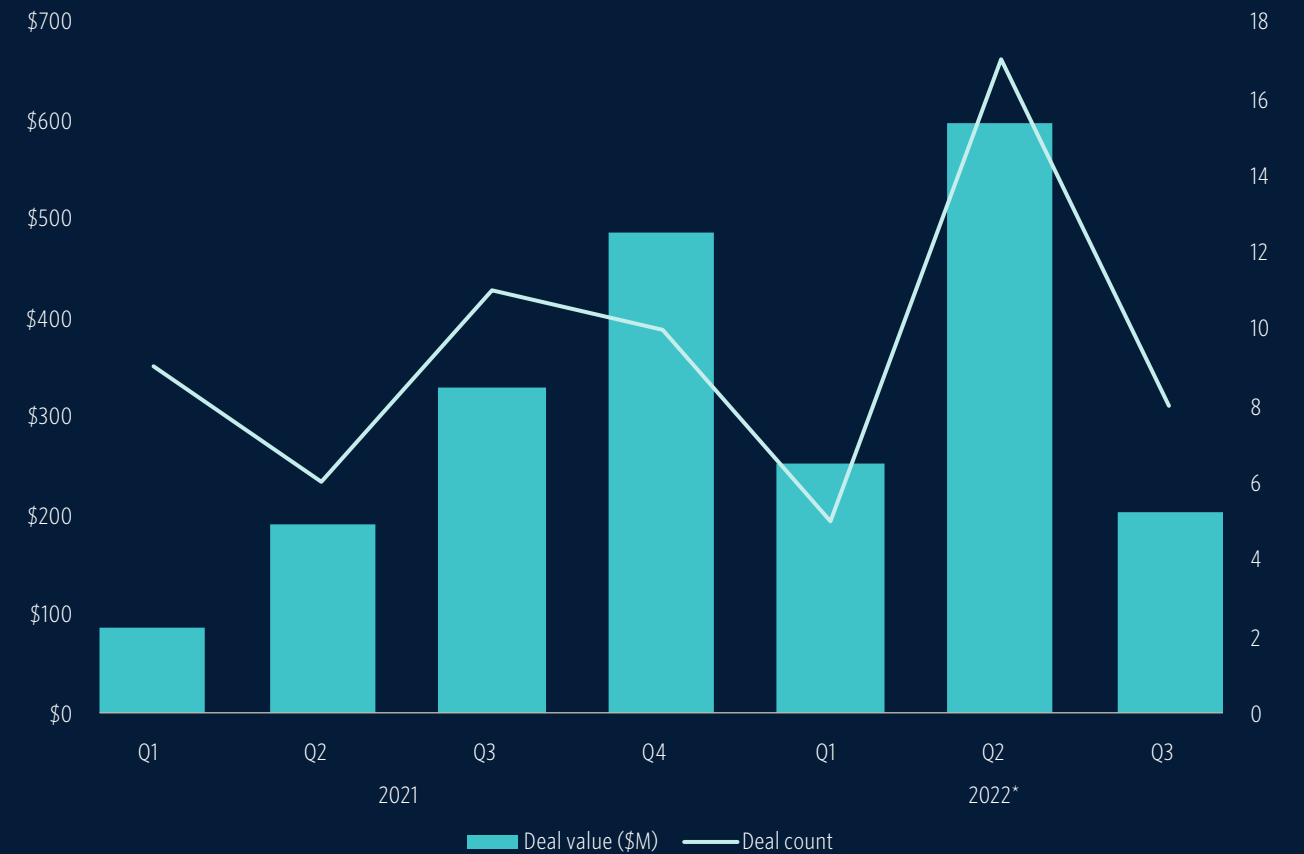
AI & ML

AI & ML startups raised \$204 million in Q3 across eight deals, representing the fifth largest category of investment. This was a notable drop from almost \$600 million in Q2, but in line with recent trends excluding the outsized \$265 million Series A for [Inflection](#) that quarter. The AI & ML space continues to find unique enterprise use cases across both horizontal and vertical applications and is emerging as a core enabling technology for business intelligence and analysis.

The largest deals consisted of a \$50 million Series B for [Flatfile](#), a customer onboarding software that enables developers to quickly spin up an importing tool for autoformatting data. This was followed by a \$42 million Series B for [Arthur](#), an ML monitoring platform developed to help data scientists track ML models for accuracy, transparency, and bias, and a \$40 million Series B for [Nightfall](#), a cloud data detection engine that helps organizations ensure data security and accuracy in order to meet compliance requirements.

Other notable deals include a \$28 million Series A for [Hebbia](#), an AI-driven search tool that acts as a personal research assistant for searching private information with a focus on investment data, and [Falkon AI](#), which raised a \$15 million Series A to expand its business analytics platform, which is focused on helping sales and account management teams better analyze and understand successful go-to-market strategies.

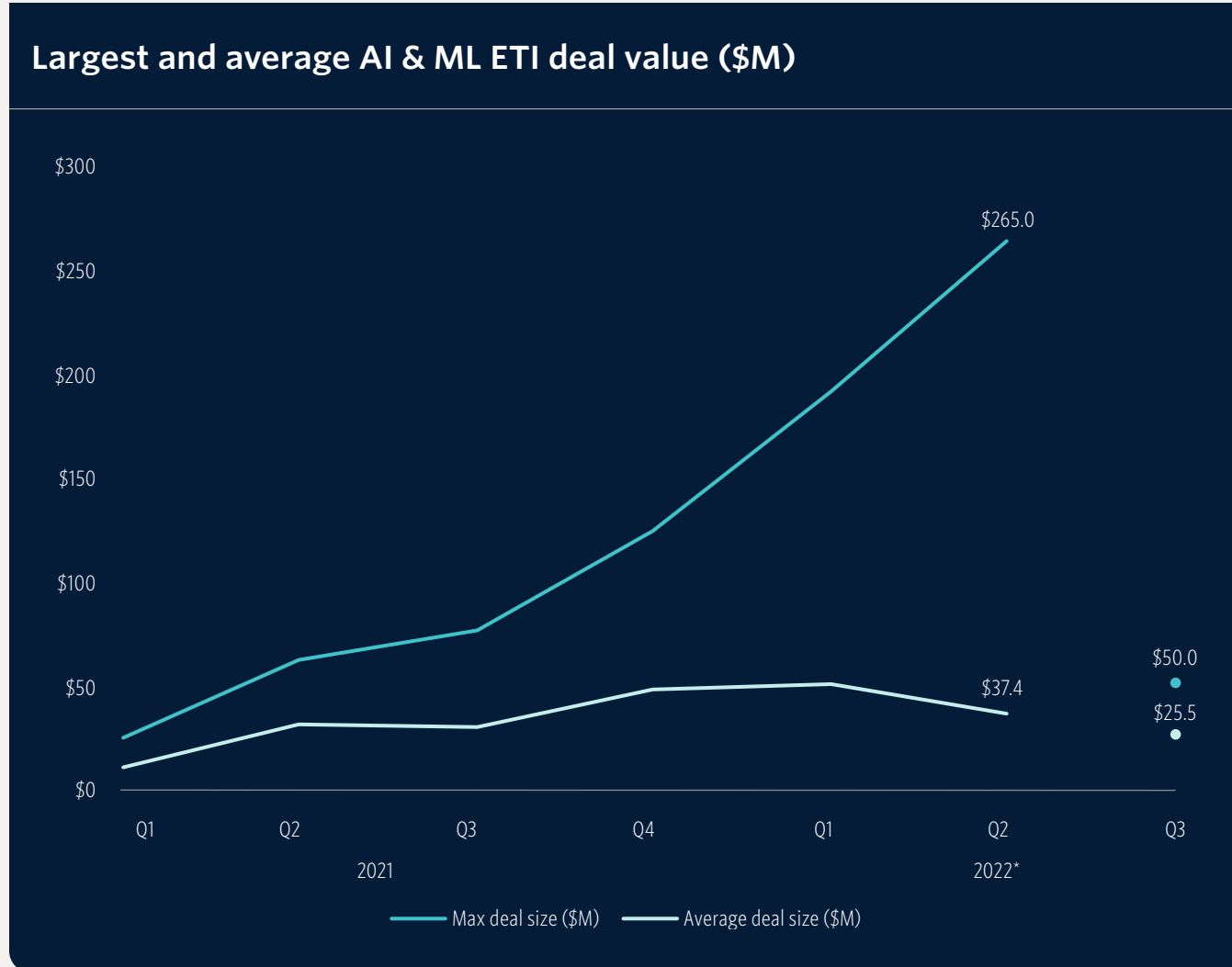
AI & ML ETI deal activity



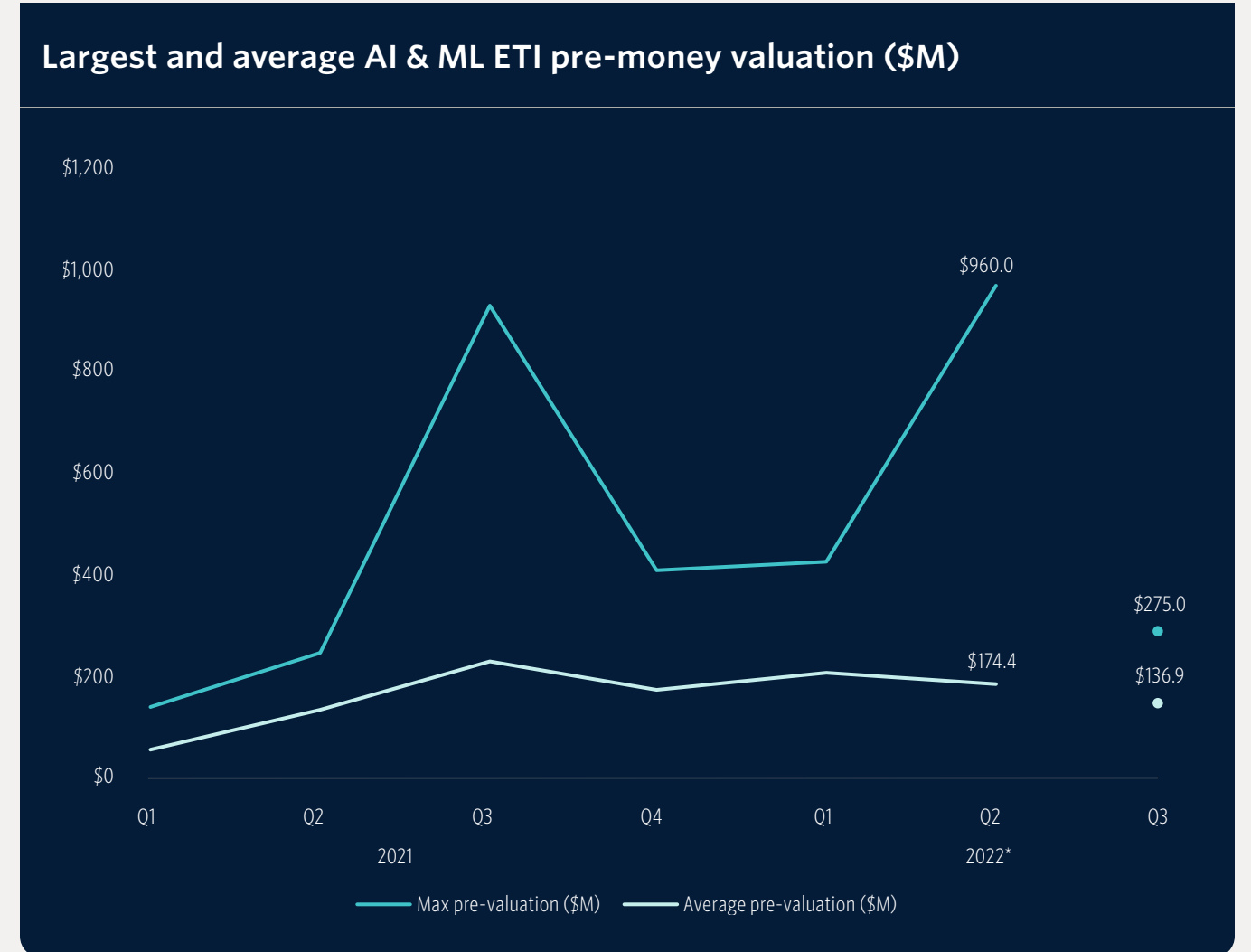
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AI & ML



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AI & ML

AI & ML ETI deals*

Company	Focus	Deal type	Deal size (\$M)	Post-money valuation (\$M)
Flatfile	Customer data onboarding platform	Series B	\$50.0	\$325.0
Arthur	AI-based model monitoring system designed to automate decision-making for businesses	Series B	\$42.0	\$145.0
Nightfall	Cloud data protection platform that uses ML to identify and detect business-critical data	Series B	\$40.0	N/A
Hebbia	AI-powered search tools	Series A	\$28.1	\$136.1
Keen Technologies'	Stealth	Early-stage VC	\$20.0	N/A
Falkon AI	System intelligence tool to improve business metrics	Series A	\$15.3	\$70.0
Dgraph	Open-source and low-latency database for visual data representation	Early-stage VC	\$6.0	N/A
Humanloop	Data labeling and model training platform to quickly deploy machine learning solutions for businesses	Seed	\$2.6	N/A

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Other notable activity

Q3 2022 ETI deal activity by market segment*

	Quarterly capital invested (\$M)	Quarterly deal count
Web3 & DeFi	\$878.9	24
Fintech	\$737.4	24
Biotech	\$725.8	11
Proptech	\$426.2	5
AI & ML	\$204.0	8
Infosec	\$200.7	5
Enterprise SaaS	\$199.1	7
Healthtech and wellness	\$157.9	9
Mobility tech	\$105.0	1
Climate tech	\$99.9	4
DevOps	\$96.3	5
E-commerce	\$94.5	6
Legaltech	\$76.1	2
Gaming	\$74.2	3
Supply chain tech	\$72.6	6

	Quarterly capital invested (\$M)	Quarterly deal count
Foodtech	\$72.0	3
Social	\$65.8	4
AR/VR	\$63.5	1
Communic. & collab.	\$52.9	4
Media & events	\$50.3	3
Agtech	\$45.3	2
Industrial tech	\$33.6	2
Consumer	\$33.5	3
Space tech	\$27.7	1
Stealth	\$20.0	1
Data tech	\$17.2	2
Edtech	\$13.5	3
Insurtech	\$8.4	2
Services	\$7.4	1
Mobility	\$5.0	1

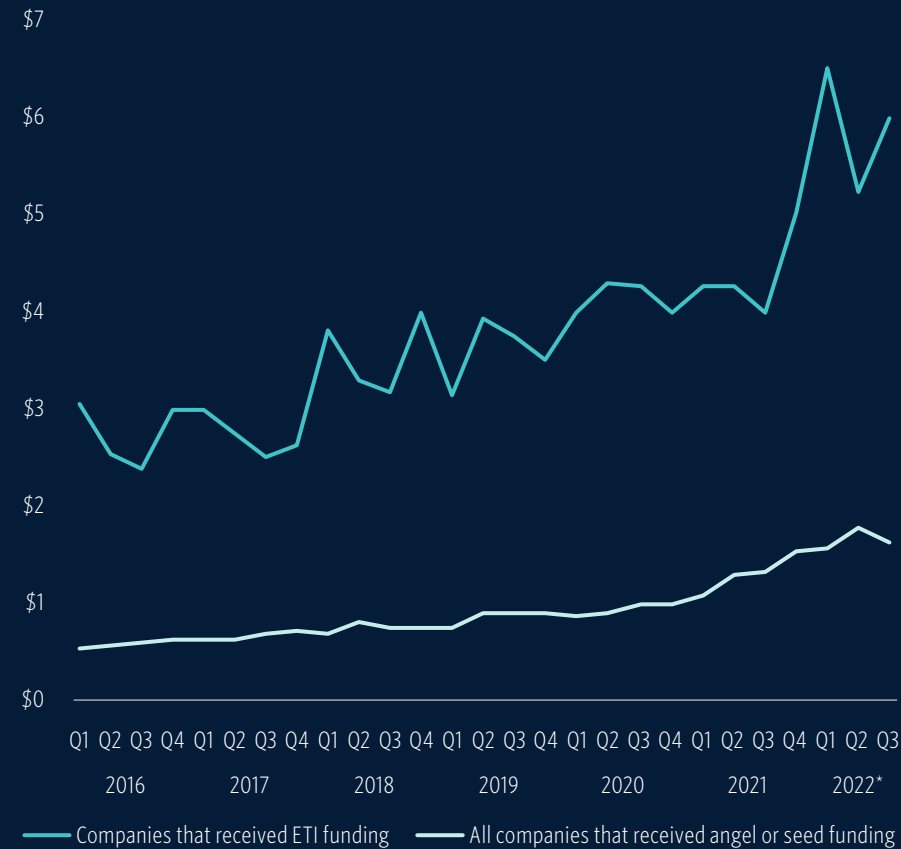
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Venture activity summary

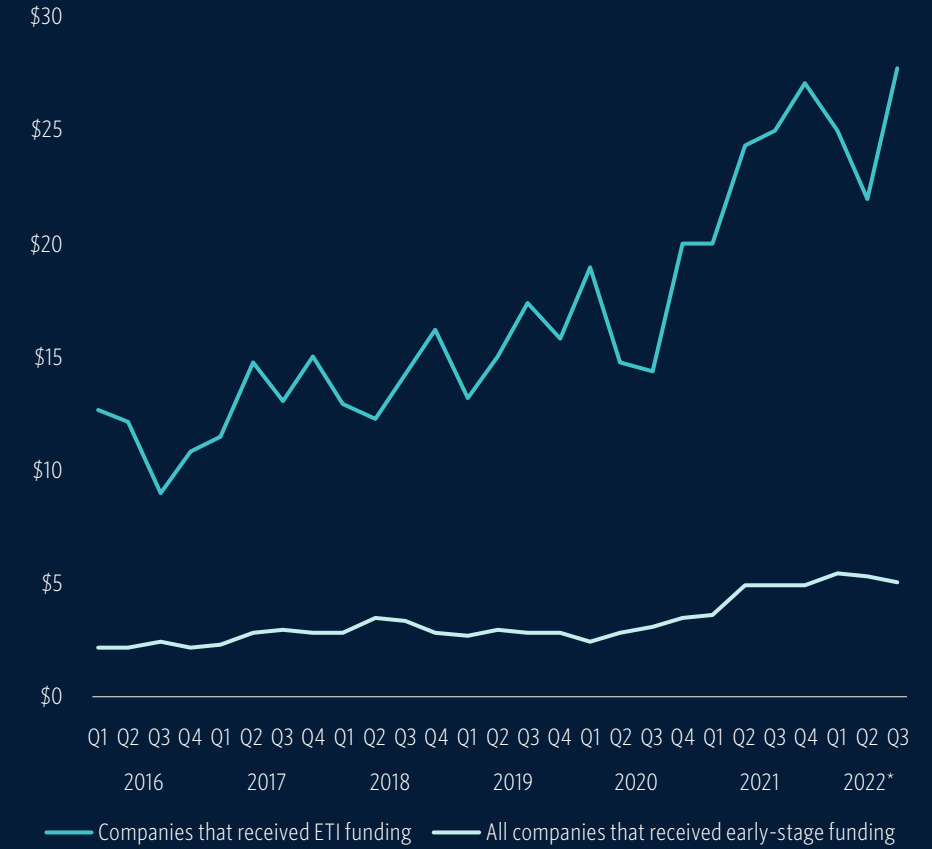
Median ETI deal sizes have steadily increased in recent years across angel, seed and early stages, a reflection of steady VC industry growth, rising valuations, and a generally founder-friendly environment. The recent market correction has disrupted the overall upward trajectory, but trends have largely remained stable. The median value for angel and seed deals was \$6 million in Q3 2022, which is relatively flat compared with trends over the prior two quarters. The median for early-stage deals was about \$28 million, an all-time peak as Q3 data reverses a downward trend over the last few quarters. We expect this to remain a relatively volatile data point.

Median ETI angel & seed deal value (\$M)



Source: PitchBook | Geography: Global | *As of September 30, 2022

Median ETI early-stage deal value (\$M)



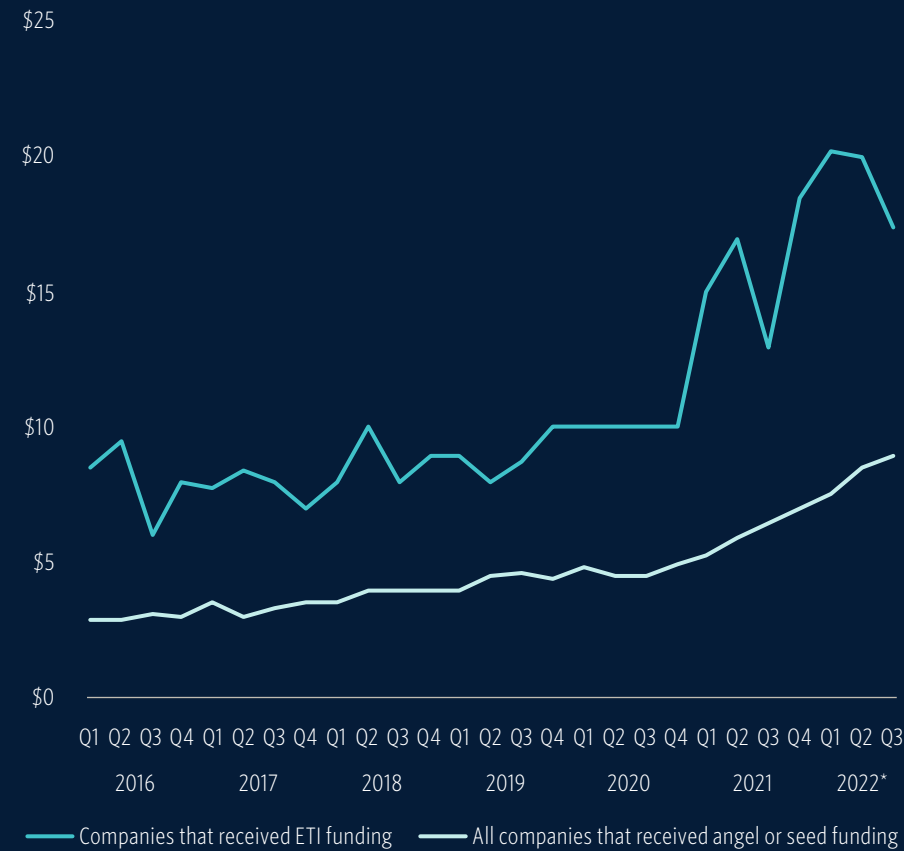
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VENTURE ACTIVITY SUMMARY

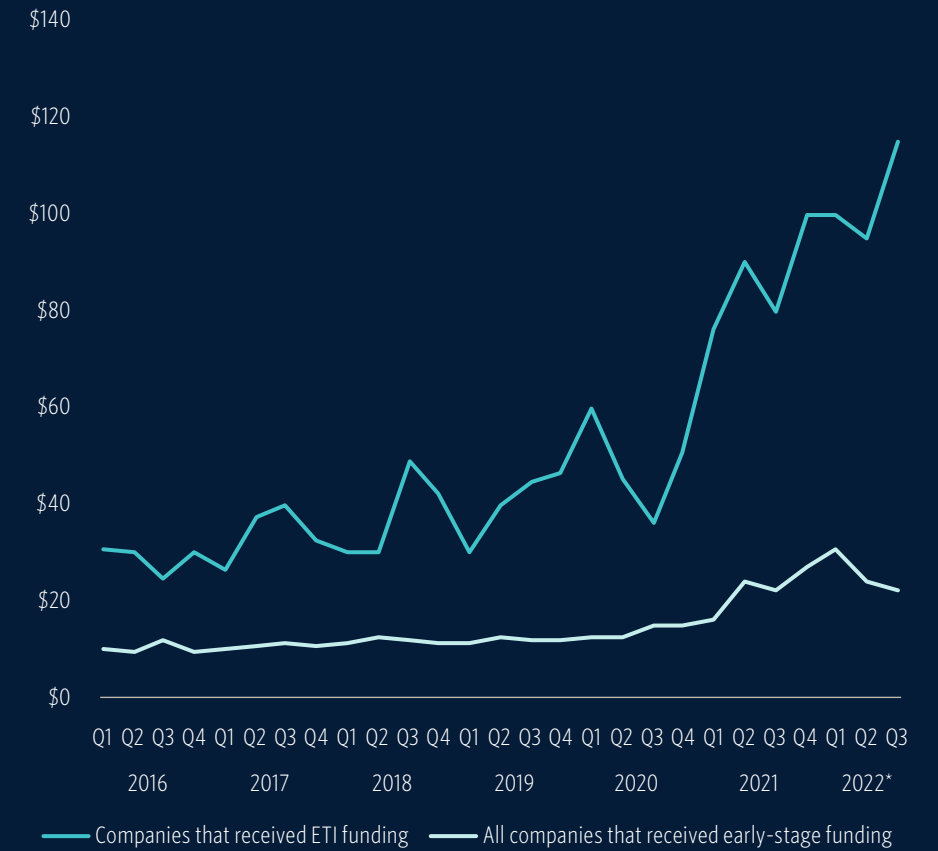
ETI deal sizes tend to run three to five times larger than medians across the entire VC industry, with the gap expanding in recent years. This likely reflects several factors, including the tendency for our ETI investor cohort to be larger multistage investors, their ability to obtain larger stakes in startups, 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 rounds.

Median ETI angel & seed pre-money valuations (\$M)



Source: PitchBook | Geography: Global | *As of September 30, 2022

Median ETI early-stage pre-money valuations (\$M)



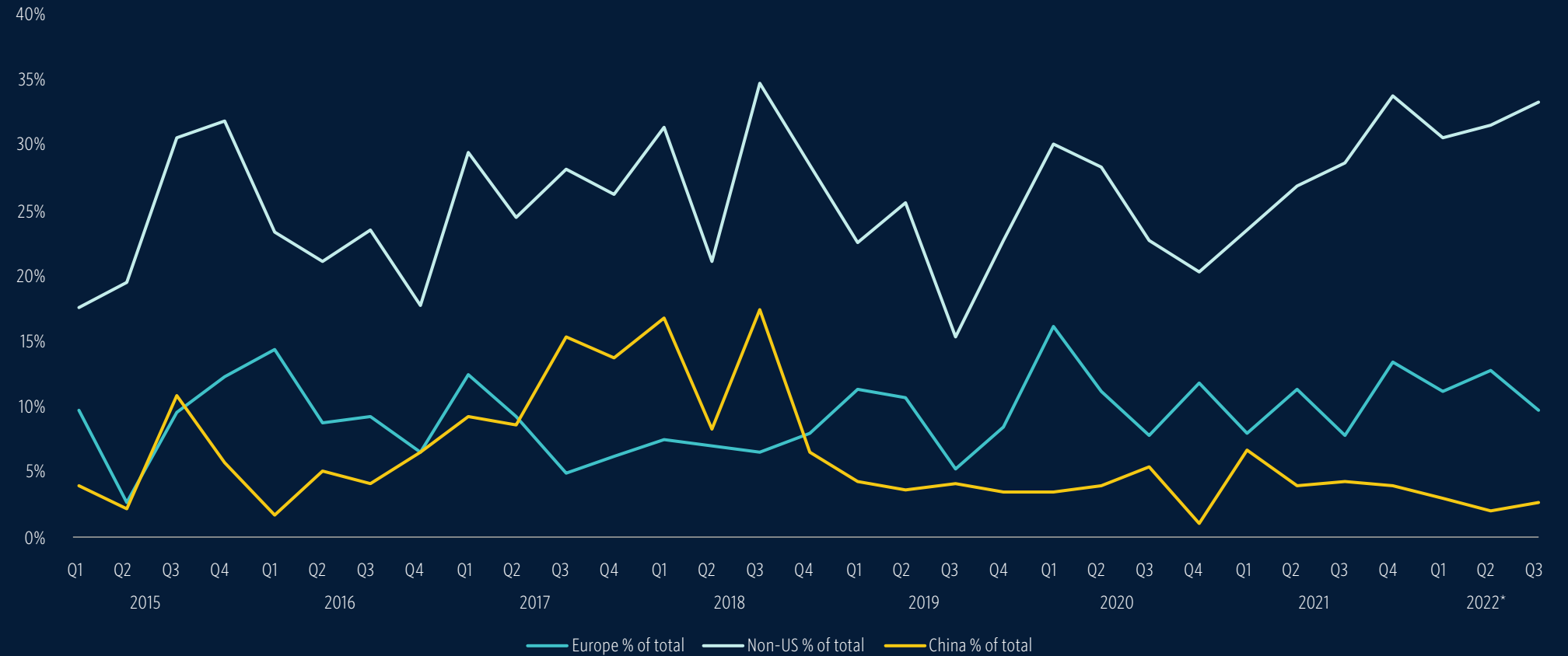
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VENTURE ACTIVITY SUMMARY

Non-US deals represented 33% of total ETI deals in Q3, above the historical average of 26%, but in line with generally increasing trends since 2020. Europe deal share dipped slightly to 10% from 13% in Q2, though this also remains relatively in line with recent trends. China deal share was flat at about 3% as the region appears to be stabilizing at levels below the historical average of 6%.

ETI deal count by region



Source: PitchBook | Geography: Global | *As of September 30, 2022



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 that 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 an 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 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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