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Venture Monitor

Q4 2024

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The definitive review of the US venture capital ecosystem

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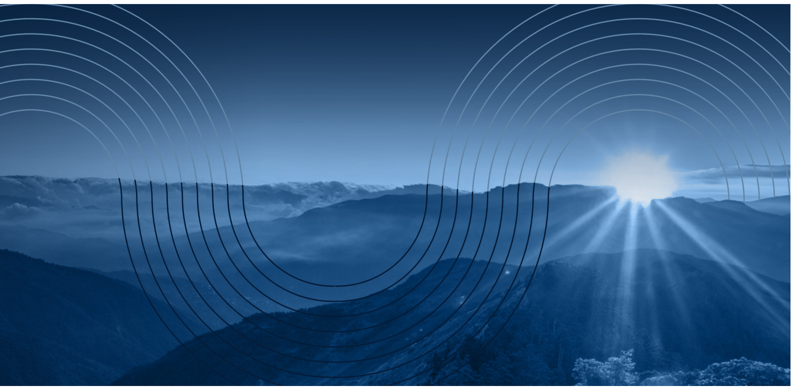

Contents

Methodology change update: *To present a clearer picture of the true exit value of the market, we are implementing the extrapolation methodology used for undisclosed M&A transactions for PE and global M&A reports into venture reports. A majority of the M&A transactions we collect have no value attached, leaving a void in the data we present as exit value. Though these deals are much smaller than the values we are able to collect, they do provide a substantial amount of value to the market, which we have been missing. This change will impact only transactions we collect as closed and will not be implemented on the estimated exit counts we previously introduced in the venture reports, though those exit count estimates will remain. This change will apply to all future VC-related reports where data counts are large enough to run the extrapolation model off. This change harmonizes our reports with the PE and M&A reports, which already use this methodology.*

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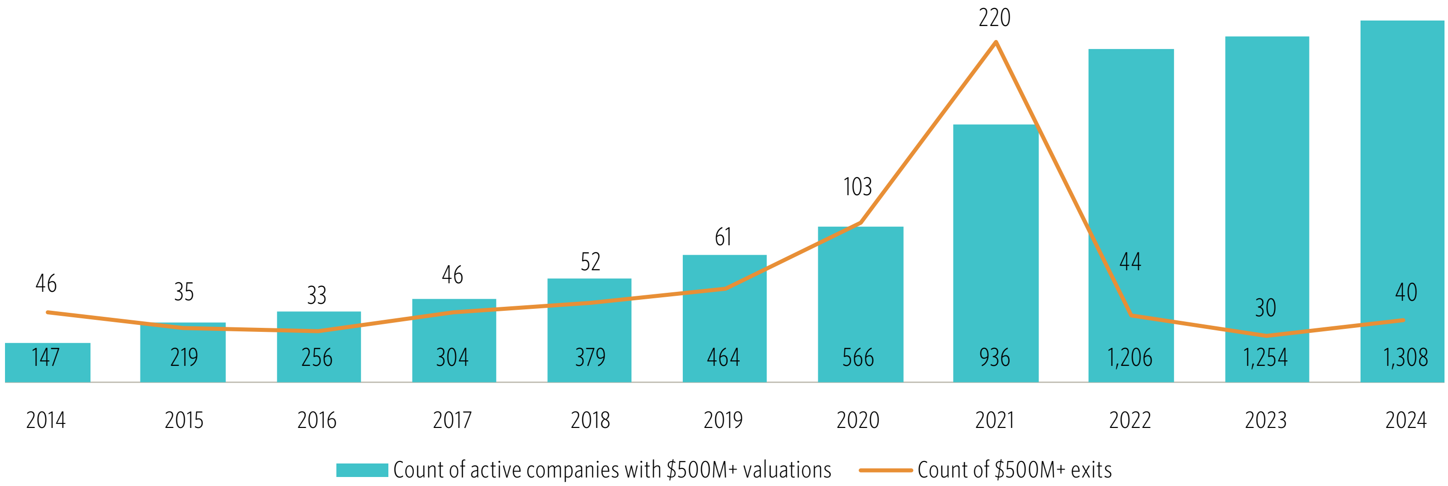
Executive summary

As top of market grows, pressure mounts

Aggregate company count of VC-backed companies with $500 million+ valuations versus count of $500 million+ exits



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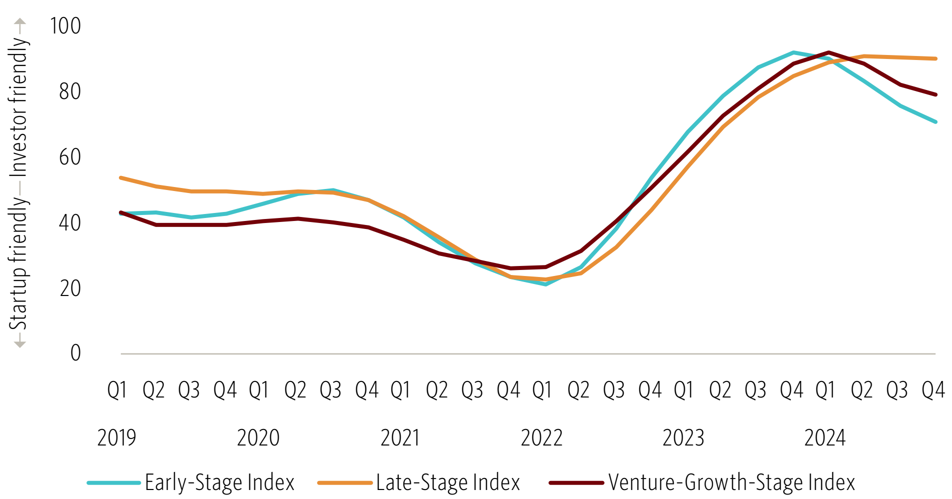
Exit activity has been the blockade limiting VC for the past three years. While the number of completed exits has been on pace with pre-2021 figures at around 1,300, return-generating exits for the market have been few and far between, especially given the number of highly valued private companies and the total amount invested in the market over the past decade. If we look at exits of $500 million and higher, the last three years have generated an aggregate total that is nearly half the total from 2021 alone. 220 companies exited at that level in 2021, but since then, just 114 have followed. In this category, the past three years have been the lowest years since 2017. This has become a major problem for the market because of how it has grown and how much value is now locked in these illiquid securities.

Market continues as investor friendly

VC Dealmaking Indicator by quarter



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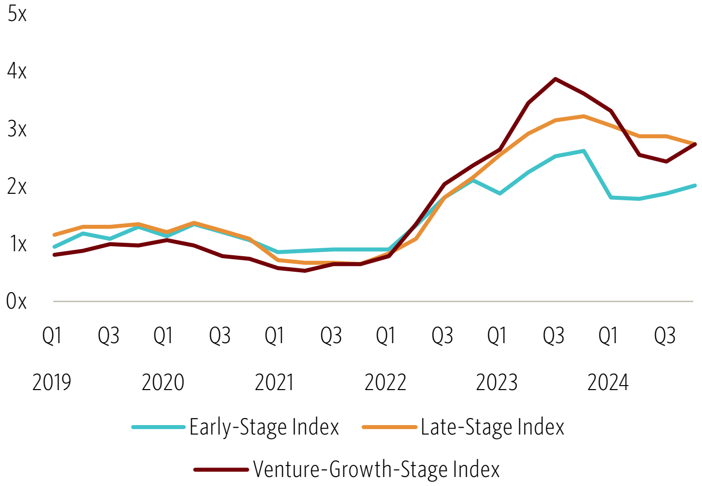
The relatively high level of exit activity has come from much smaller deals that are unable to support the returns needs of investors, though they do play a part in thinning the company inventory and are one of the healthy mechanics of the current market. In 2024, more than 70% of the exiting companies had raised no further than Series A financing. Extending that to Series B, nearly 90% of the exits occurred in those companies. In many cases these small exits took the place of company shutdowns, which never reached the level many expected when the market turned. Though as LPs have poured nearly $1 trillion into VC funds over the past decade, small exits and small returns do not foot the bill to cover the risk of the investment.

Because many of these small exits are unannounced, venture data has largely dismissed analysis of them. By using a value extrapolation model employed in our M&A and private equity reports, we

Supply remains limited

VC capital demand/supply ratio by quarter



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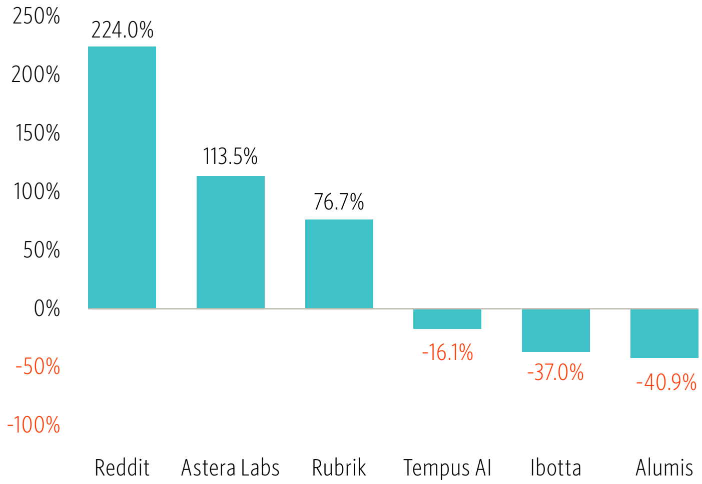
2024 IPOs performed well in public markets

Post-market performance for 2024 unicorn IPOs



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Note: ServiceTitan not included due to timing of the IPO in mid-December.

are now able to include these values in our aggregate data, shining a light on the amounts these smaller exits account for, but also how important the much larger, return-generating exits of the market truly are to the sustainability of venture investment.

During the past year, exits of $500 million or more have accounted for just 3.6% of the total number of completed exits, yet they accounted for 78.9% of the total exit value including those estimated figures on small deals. This, again, is one of the lowest years of in terms of count for those large exits, ahead of just 2023, a year in which 2.6% of exits of $500 million-plus generated 76.5% of the total exit value. Not all investors will reap great rewards from such large exits, at least in the near term. Reddit and ServiceTitan, both of which exited at multibillion-dollar valuations, completed IPOs at lower valuations than their past round. ServiceTitan's investors also dealt with antidilution provisions that added further dilution and lowered the return ceiling for early investors. Though it should be noted that both are trading well above those IPO market caps at more than $29 billion (Reddit) and $9 billion (ServiceTitan) as of this report, the lower pricing at IPO highlights the precariousness of the high valuations and potential pitfalls they bring.

For venture to return to a more normal level of dealmaking and fundraising, large exits will need to occur at a more steadfast pace. There are more companies valued at $500 million or more than ever before, with VC portfolios aging and LPs, for now, unable or unwilling to reinvest in VC. The outlook for 2025 is relatively better than during the past few years. Changes at the Federal Trade Commission (FTC) are likely to remove some barriers to acquisitions, and rate cuts and strong market performance, for now, portend a stronger interest in tech growth companies in the new year.

For now, the market is in wait, and fundraising and dealmaking figures do not yet signal material increases in activity. During 2024, 30 firms raised at least $500 million in new commitments, which accounted for 68% of the total new commitments raised. All but four of those firms are established, highlighting the dichotomy of the fundraising market in today's market. Just $15 billion has been raised by emerging managers, which is the lowest total since 2015. These investors remain particularly vulnerable to the lack of distributions being created as well as the slow-growth valuation environment that has left few with strong markups since the slowdown began.

On the dealmaking front, the spending spree on AI also provides a false sense of growth in the market. Excluding deals for Databricks, OpenAI, xAI, Anthropic, and Waymo reduces the total amount invested in the market by more than $42 billion. Removing the 15 deals over $1 billion reduces the total investment in the market by $53.5 billion, or about 26.5%. That would place 2024 on par with 2018, on a deal count that is roughly 1,500 higher.

Hurdles the market has dealt with from a macroeconomic standard remain in place, albeit a bit lower than before. Rate cuts may issue a new wave of risk into the markets, but the level of that risk increase will be proportional to the deepness of the cuts. The change coming to the US government has, so far, created a bit of uncertainty with regard to policies and, especially, the impact those potential policies may have on the venture market. For now, there is a tempered optimism for 2025.

NVCA policy highlights

At the end of 2024 NVCA's policy priorities are as follows:

Tax update

In 2025, Republicans will have control of the White House, House, and Senate. The party plans to proceed with a large-scale Republican budget reconciliation bill anchored by extensions to the Tax Cuts and Jobs Act of 2017 (TCJA).

By utilizing the reconciliation framework Republicans will not need to compromise with Democrats on the bill's scope. However, Republicans will need to decide on a revenue target for the reconciliation bill to establish its overall budgetary impact. As such, the main question heading into 2025 is the maximum budget deficit increase Republicans are willing to tolerate.

Rather than only extending the TCJA, Republicans on the tax-writing committees have advocated for a more comprehensive package that includes rate-lowering and base-broadening tax policies. Dynamic scoring and rolling back Inflation Reduction Act (IRA) credits appear to be the current expected sources of revenue offsets, though there are also discussions about whether tariffs could offset the costs of tax cuts.

It is too early to determine which policies will likely be on the table that could impact venture capital firms, but we believe taxing unrealized gains and capital gains increases are unlikely. However, we remain vigilant in our efforts to protect carried interest and qualified small business stock due to the populist nature of the incoming majority.

Legislation to revive the upfront research & development (R&D) deduction going back to the start of 2022 languished in the Senate in 2024 due to from Senate Finance Committee Ranking Member Sen. Mike Crapo (R-Idaho). We expect the R&D amortization fix will be considered in a broader tax package. It is unclear if full retroactivity is possible because so much time has passed, but we are optimistic that a prospective fix will be included for 2025 and beyond.

AI update

President-elect Trump's light-touch regulatory approach will likely extend to AI. We expect to see fewer prescriptive regulations around AI model development and greater deference to model developers. President Biden's AI executive order is also likely to be rescinded.

Sen. Ted Cruz is the incoming chair of the senate commerce committee, which has key legislative authority over AI. Sen. Cruz has been outspoken against many aspects of the administration's AI executive order, and we do not expect comprehensive AI legislation to emerge under Cruz's leadership. This may create tension with Sen. John Thune, newly elected senate majority leader, who previously introduced legislation to invest in AI innovation and create guardrails around high-risk applications.

NVCA has been actively engaged in opposition to CA Senate Bill 1047, the Safe and Secure Innovation for Frontier Artificial Intelligence Systems Act. We submitted a letter raising concerns about the legislation, highlighting the outsized impact it would have on early-stage AI startups, which would be required to implement safety guidance from multiple sources and pay a fee to fund a new "Frontier Model Division." We were pleased to see Gov. Gavin Newsom veto the legislation.

Healthcare update

The implementation of the Trump Administration's healthcare priorities presents a variety of possibilities for the industry. The Trump campaign focused on three main buckets: first, to shake up public health institutions; second, to reshape federal health programs; and third, to cut costs across the system.

There could be significant changes with the Centers for Disease Control and Prevention and Food and Drug Administration. As President-elect Trump continues to make nominations, we will see which ones make it through Senate confirmation.

- **Department of Health and Human Services (HHS):** Trump announced anti-vaccine activist and former presidential candidate Robert F. Kennedy Jr. to lead the HHS. Kennedy has been an outspoken critic of the industrial food complex and pharmaceutical companies.
- **Centers for Medicare & Medicaid Services (CMS):** Trump announced Dr. Mehmet Oz, the TV personality and former Senate candidate, to lead the CMS.

Beyond the administration, incoming Senate Finance Committee Chair Mike Crapo and HELP Committee Chair Bill Cassidy will likely focus on prioritizing drug pricing reform, pharmacy benefit manager reform, bringing down costs within the Affordable Care Act (not likely to extend these subsidies), supporting rural hospitals, and cutting Medicaid/reforming Medicare drug pricing. While we look ahead at opportunities in 2025, we plan to address provisions of the IRA that have negatively impacted VCs, including the small-molecule penalty and orphan drug exclusion.

Blockchain and crypto update

With the new majority in Congress, Republicans are expected to punt any digital asset legislation to the new Congress. Additionally, turnover in regulatory agencies such as the Securities and Exchange Commission should present opportunities to enhance and grow the industry.

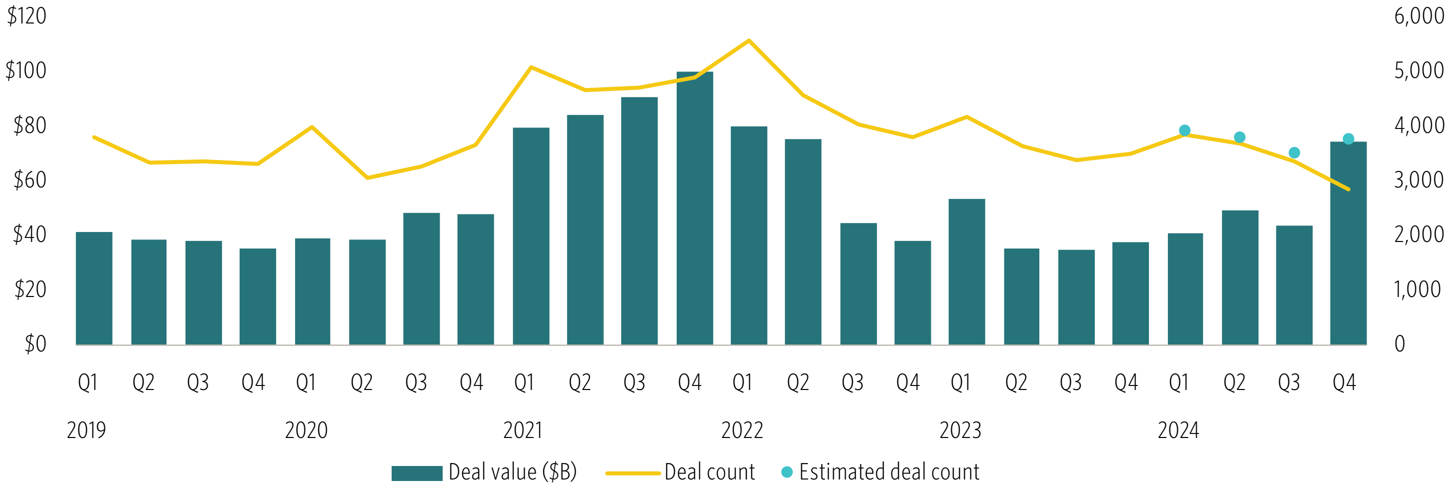
Bobby Franklin
President & CEO
NVCA

Bobby Franklin is the President & CEO of NVCA, the venture community's trade association focused on empowering the next generation of transformative US-based companies. Based in Washington, DC, with an office in San Francisco, NVCA acts as the voice of the US VC and startup community by advocating for public policy that supports the US entrepreneurial ecosystem.

Dealmaking

Dealmaking remains slow but shows promising signs for 2025

VC deal activity by quarter



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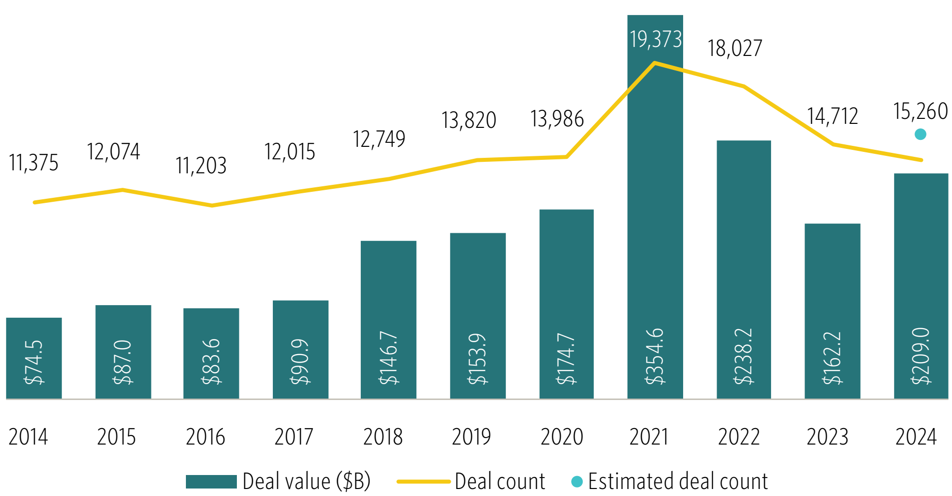
The pace of dealmaking was remarkably slower in 2024 compared with the flurry of oversubscribed rounds from the pandemic years. On the bright side, venture activity is showing promising signs of recovery, fostering renewed optimism for 2025. 2024's deal value crossed $209 billion across 15,260 deals. Both figures surpass pre-pandemic and 2023 totals but are still far from zero-interest-rate-policy (ZIRP)-era highs.

Deal activity increased at nearly all stages, with pre-seed/seed and early-stage deals notching 2024 highs and late-stage deals seeing a slight bounce back after two consecutive quarters of declines. The increases continue to be driven by companies finally coming back to market to raise new financings. The time between rounds for all series hit decade highs in 2024, with the Series C and Series D+ rounds surpassing two years since last investment. The average unicorn also has not raised in two years, providing a window into the capital efficiency expectations of the market due to low capital availability for most sectors.

Outsized deals continue to elevate total deal value

VC deal activity



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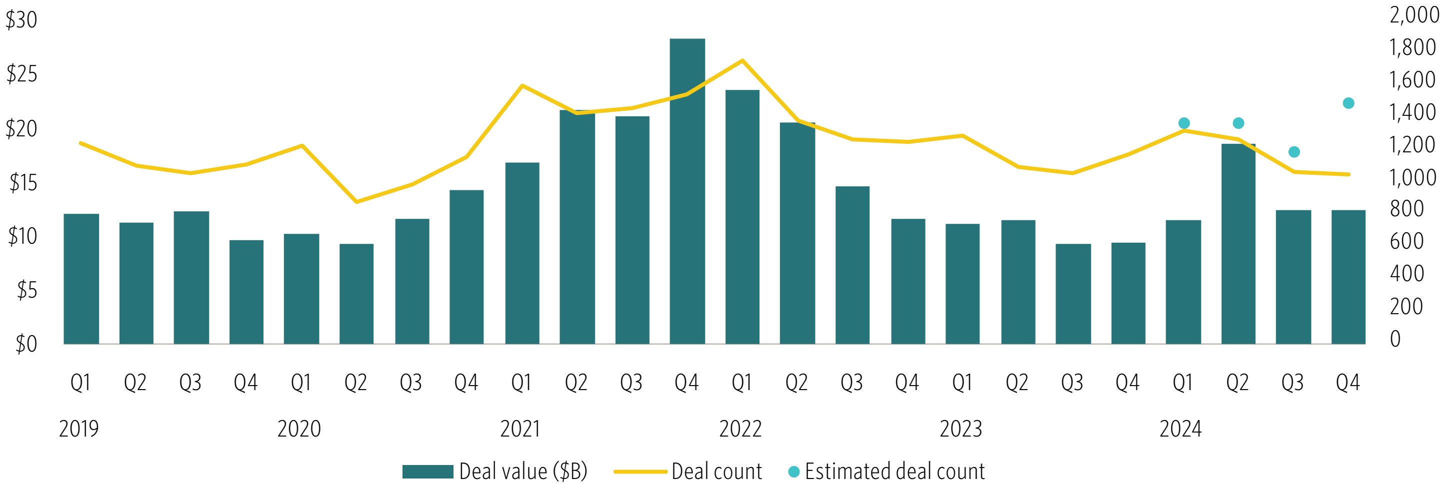
High interest rates and inflation have been persistent headwinds over the last two years, creating an unfriendly exit environment that restricted the flow of money in venture, which led to lower dealmaking activity as investors became increasingly cautious in a liquidity drought. This narrative is likely to change for the better in 2025, since the Federal Reserve (the Fed) has already begun cutting rates. In 2024, the Fed cut interest rates three times to a range of 4.25% to 4.5% with two more cuts forecast for 2025, which is a much-needed step in the right direction. The worst of venture's downturn may be behind us, but the road to recovery is expected to be long.

Q4 notches 2024 high for early-stage deal count

Early-stage VC deal activity



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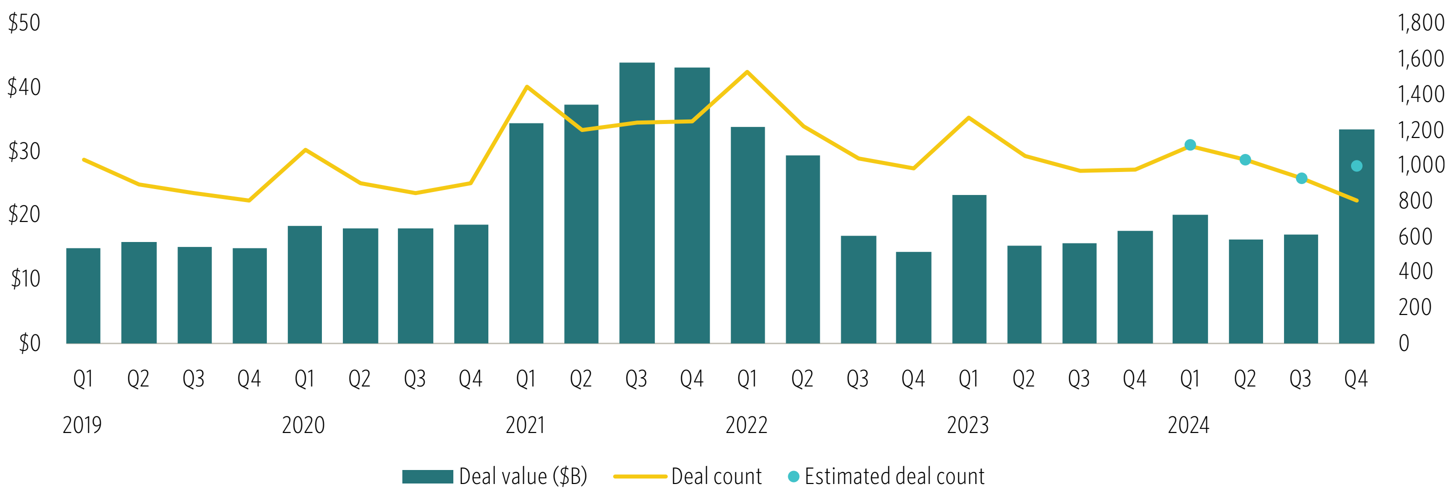
Rather than an immediate rebound, the next four quarters will most likely see slow and steady improvements in dealmaking activity.

The increase in outsized deals was the primary driver of 2024's deal value, so venture's recovery was heavily skewed toward the top performers and AI companies. Out of the $74.6 billion in deal value generated in Q4 2024, 43.2% can be attributed to the five largest deals: Databricks, OpenAI, xAI, Waymo, and Anthropic. When broadening the scope to deals $500 million or greater, 15 companies raised 54.4% of Q4's deal value, further demonstrating how concentrated venture has become considering that we are estimating nearly 4,000 deals closed in the quarter. The influence of outsized deals can also be observed by comparing median and average deal sizes. Using venture growth as an example, the 2024 average deal size was $84.4 million, which is 7.7x the median deal size of $11 million. In comparison, this gap was less pronounced in 2019 when the average was 4.1x the median.

With so few companies constituting a major proportion of deal value, a deeper analysis of the data is necessary to get an accurate reading on the current state of VC. Venture-backed AI companies were the primary drivers of increasing

Despite Q4 increase, late-stage deal activity declines for third consecutive year

Late-stage VC deal activity



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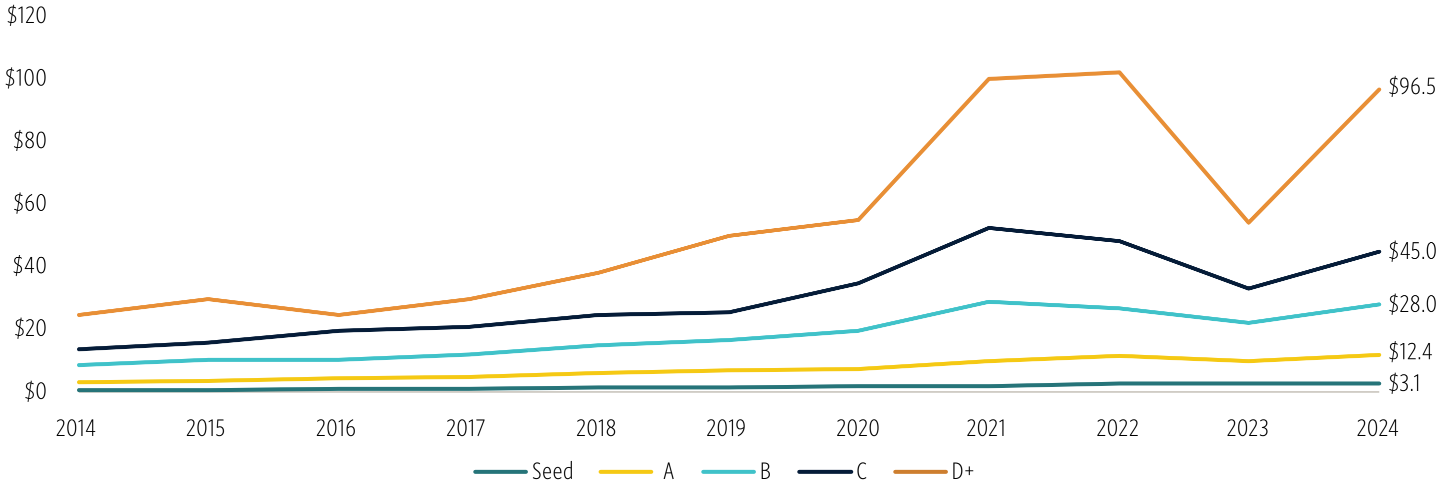
Deal sizes trend upward across all series

Median VC deal value ($M) by series



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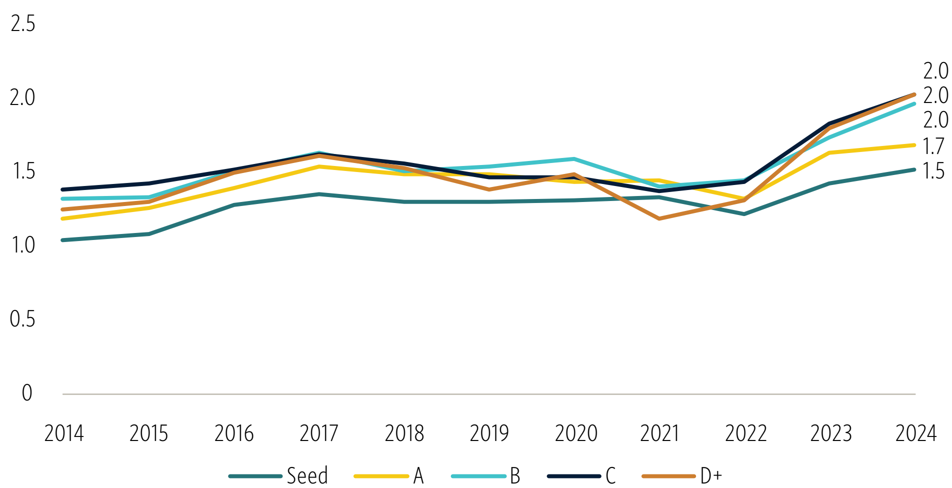
deal sizes and valuations in 2024, capturing 46.4% of the year's deal value. Investors were driven by their fear of missing out on the next technology wave, so AI startups inflated total venture dealmaking figures because they had been relatively insulated from the dealmaking struggles that other startups faced. It is no coincidence that the top five deals in Q4 were all for AI companies. AI dominated the narrative in 2024 and likely will continue doing so in 2025 as the number of unique investors in this sector has remained steadily above pre-pandemic levels.

Despite easing macroeconomic conditions, we expect this concentration of capital in a handful of promising startups to persist in 2025. These top companies prefer to stay private for longer rather than compromise their valuations to go public, especially when consistent investor demand has given them all the capital they need while remaining private despite the market downturn. As a result, a lot of venture's value is locked up in older companies. Among unicorns, 44.6% are 9 years old or older and the median time since their first VC round is currently 8.5 years.

Time between rounds continues to lengthen

Median time (years) between financings by series



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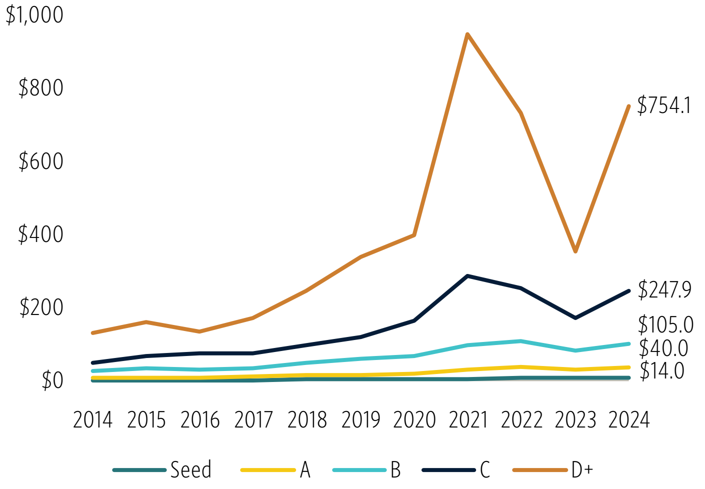
However, even among unicorns there is a large range of company quality. Most unicorns have not raised since the highs of 2021 and 2022, and the median unicorn's last round occurred two years ago. This implies that equity interest in unicorns has waned outside of the handful of standout startups, so even mediocre unicorns are having trouble raising capital in this environment despite having the prestige of being valued over $1 billion. Though our exit outlook is positive, it would be unrealistic to expect a sudden flood of new listings once the market shows positive signs. Because it will take time for dealmaking activity to pick back up across venture, top startups are expected to continue capturing most of the deal value until more of them exit, though there will likely be less capital concentration than in 2024.

Pre-money valuations increase across all series

Median VC pre-money valuation ($M) by series



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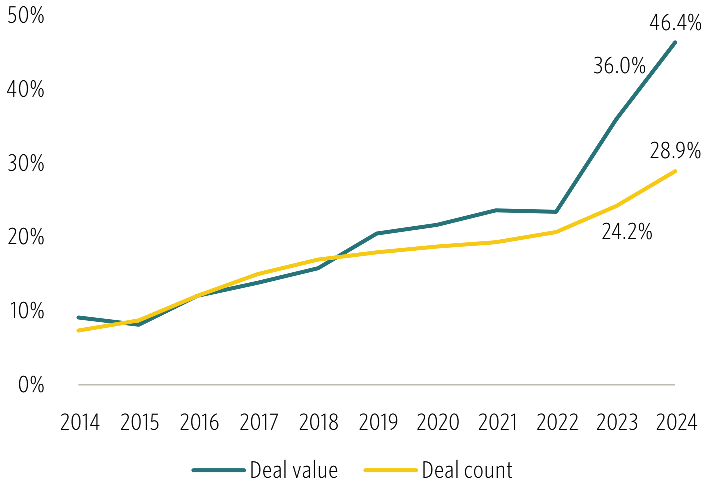
AI dominated the narrative for 2024 dealmaking

AI & ML VC deal activity as a share of all deal activity



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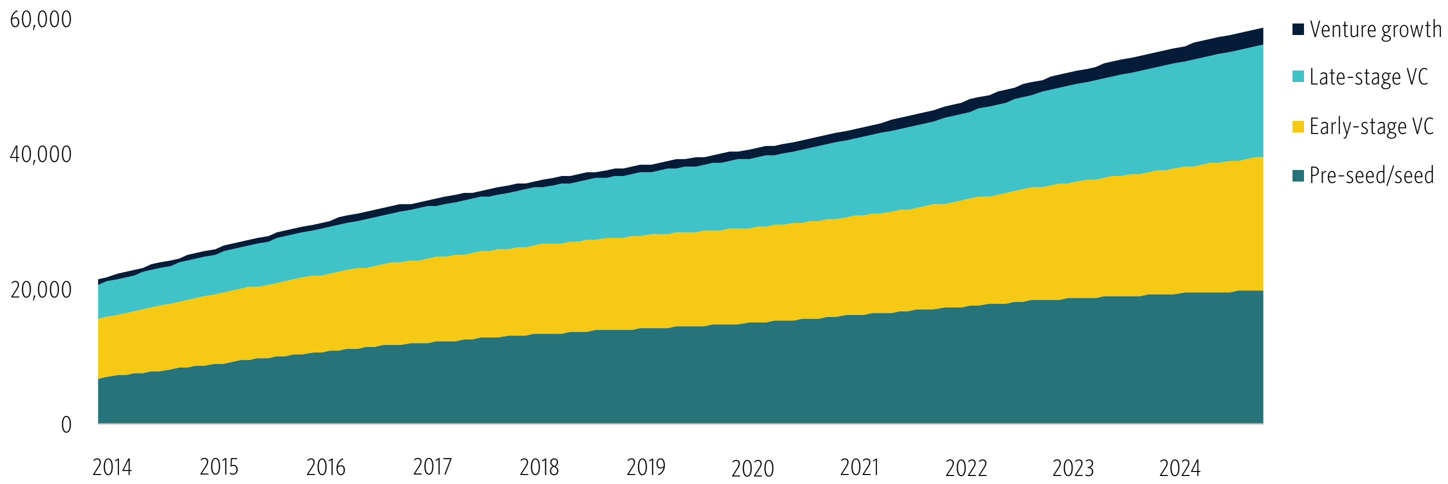
VC-backed inventory surpasses 58,500

VC-backed company count by stage (smoothed)



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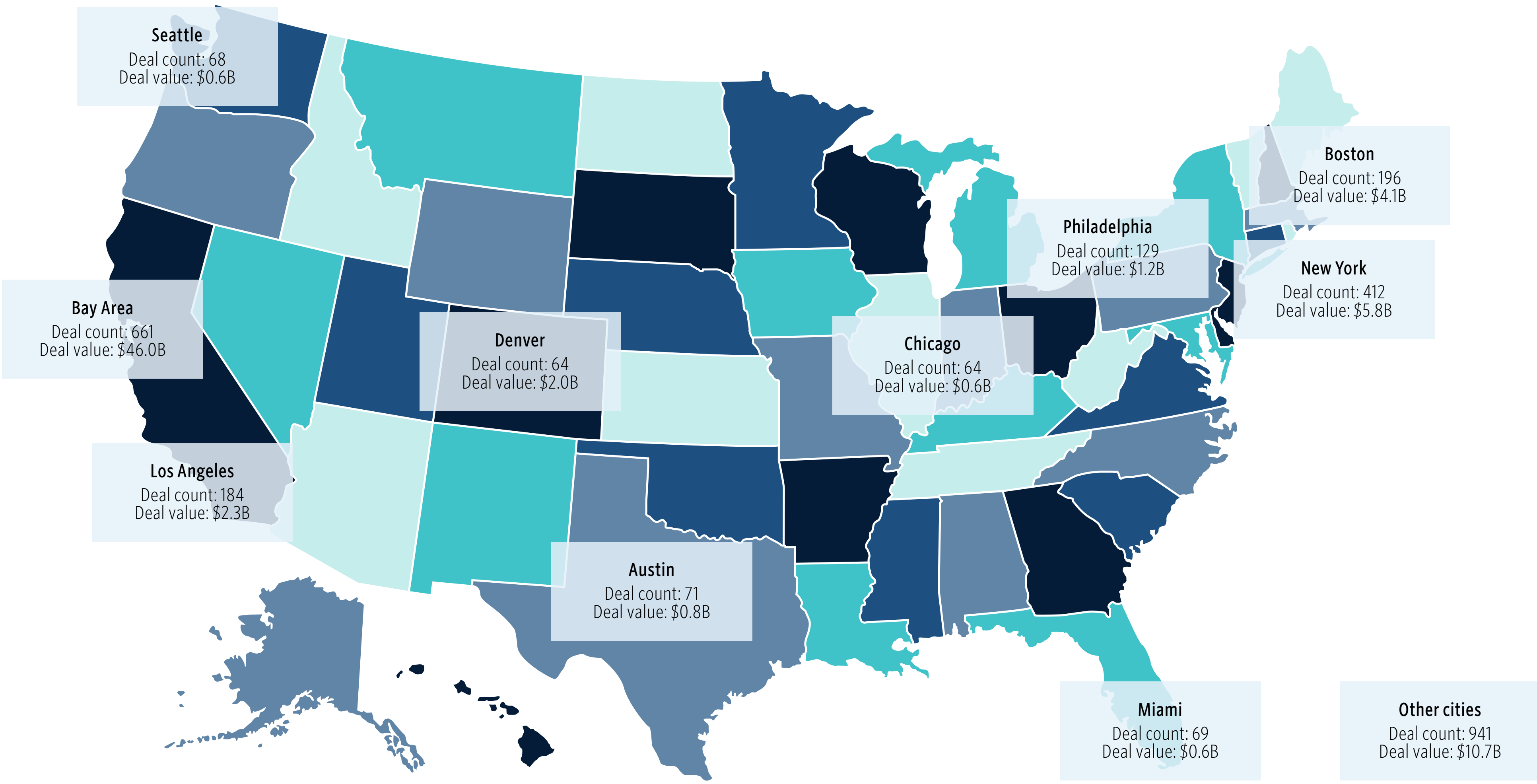
Regional spotlight

Investment concentration keeps pressure on smaller markets

Q4 2024 VC deal activity by ecosystem



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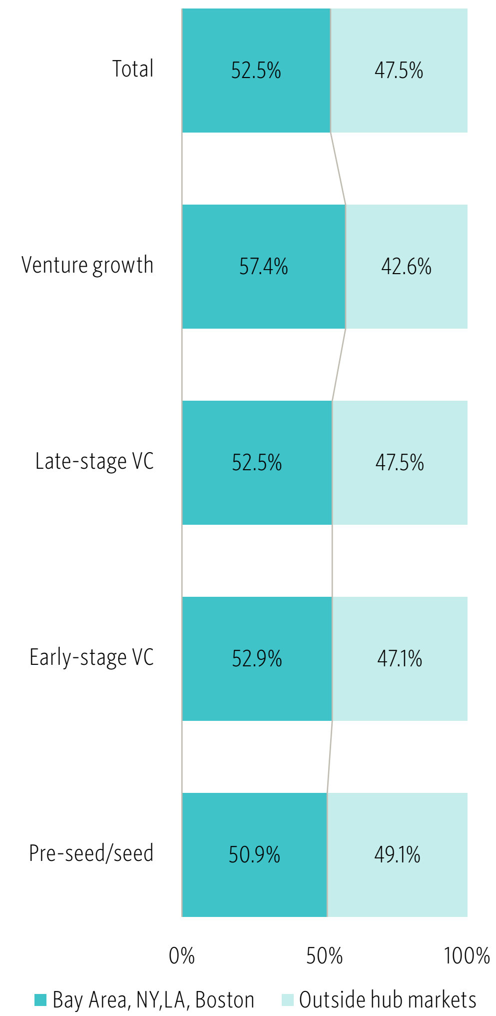
Hubs take back share of deal count

Share of VC deal count by stage and market breakout



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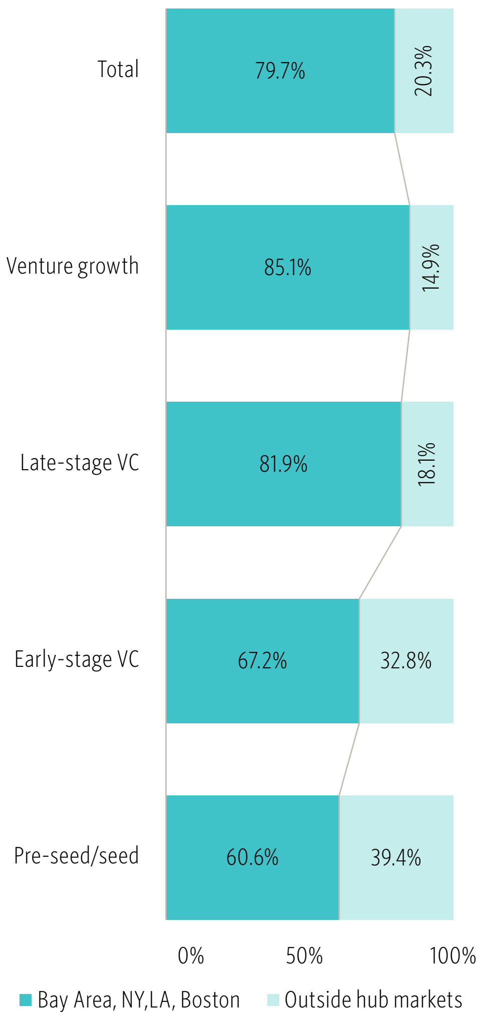
AI pushes deal value to hubs

Share of VC deal value by stage and market breakout



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A WORD FROM J.P. MORGAN

Our views on venture

Macroeconomic conditions should remain resilient in 2025

As US economic growth has beaten expectations for the past two years, confidence in the soft-landing scenario has increased and most economic signals are pointing in the right direction for 2025. We expect many of the key 2024 macro trends to prevail in 2025, including sustained economic growth, moderating inflation, stable labor markets, and Federal Reserve (Fed) easing.

Our high-level forecasts call for GDP growth around its 2% long-term average, core inflation inching toward the Fed's 2% target, stable unemployment in the low-to-mid-4% area, and two to three 25-basis-point rate cuts until the upper end of the fed funds target range reaches 4% or 3.75%. If these conditions play out as we expect, it should provide a benign macro backdrop for businesses, markets, and strategic activity.

Getting past the US election cleared a key hurdle

The definitive Republican sweep helps to provide clarity around the direction of policy, while important questions remain around the details. We should have a better idea of how campaign rhetoric translates into policy enactment over the coming months and quarters. In the meantime, optimism is high that less regulation and lower taxes could boost economic growth and support a dealmaking revival.

We generally share in the market's optimism, but it is important to keep in mind risks from new tariffs and general policy uncertainties. On the macro side, incremental tariffs could slow progress on inflation, disrupt supply chains, and increase tensions with trading partners. Shifts in immigration flows could affect labor availability and wage trends. If inflation progress stalls for an extended period or starts to reverse, the Fed's easing cycle could pause altogether. A change in the outlook for stable to lower interest rates could, in turn, impact valuations.

For startups with significant exposure to Chinese imports, planning should be—and in many cases is—already underway to assess the potential impacts from tariffs. Existing and prospective investors will want to understand sourcing contingencies, supply chain alternatives, and strategies to mitigate any margin impact incremental tariffs may cause. The same goes for beneficiaries of government spending tied to areas like renewable energy and climate that could be less of a priority with the incoming administration.

Stars are aligning for the tech IPO market

The constructive macro backdrop, higher equity markets, and relatively low volatility point to improving dynamics for IPOs and equity issuance broadly after fewer deals done in the last three years.

Ginger Chambless
Head of Research,
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Ginger Chambless is a Managing Director and Head of Research for JPMorgan Chase Commercial Banking. In this role, she produces curated thought leadership content for commercial banking clients and internal teams. Her content focuses on economic and market insights, industry trends, and the capital markets.

Additional contributors:
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Head of Venture Capital Coverage
Andy Kelly
Managing Director, Venture Capital Coverage

With total IPO volumes of $33 billion, 2024 normalized to that of the pre-pandemic era, but there is still a ways to go for tech issuance. Three keys to success for issuers over the past 12-18 months have been scale, profitability, and durability of growth. Trading performance for the 2024 IPO cohort was stronger, restoring investor demand in the asset class and setting the stage for more companies to go public in 2025 and beyond.

As we move into 2025, IPO performance in the first half of the year will set the tone for the remaining quarters. We expect companies that test the market early could have similar profiles to that seen in 2024, as well as valuations to remain disciplined. While public tech valuations have recovered and growth is being rewarded, the days of growth at all costs have not returned, and the balance of growth and profitability will remain important.

Assuming IPOs early in the year gain traction, activity could accelerate in the second and third quarters. Tech companies at earlier stages of profitability and smaller scale could come later in the year or into 2026, depending on market conditions.

According to Michael Millman, Global Chairman of Investment Banking & Capital Markets, a number of sizable private companies are on the near- to medium-term horizon. Before the pandemic, a typical year had 35-40 US tech IPOs. Optimism for 2025 and 2026 is high for a return of normalized tech issuance. Both the private placement market and M&A market should also afford companies and insiders with more opportunities in the coming year.

The market tone for M&A is improving

We are cautiously optimistic the change in administration and leadership at key agencies, like the Department of Justice and Federal Trade Commission, could provide a more efficient and constructive framework for M&A than the previous four years. Policies aside, antitrust and regulatory reviews have extended to 12-18 months or more in recent years, exposing buyers and sellers to lengthy periods of distraction and potential disruptions. If the antitrust review timeline reverts to its typical six to nine months, it could lead to a revival in larger, strategic transactions, while also benefiting M&A activity overall.

How this affects M&A across the tech sector could be nuanced. As was the case in the first Trump administration and voiced through the recent campaign, elevated antitrust scrutiny around Big Tech could continue. Small to midsized transactions, or those into adjacent categories involving domestic buyers and sellers, are likely to be viewed more favorably and could gain timelier approval. In addition, policies that promote competition and innovation across the venture ecosystem stand to benefit "Little Tech."

Private markets are open with increased investor optimism

For the first time in years, private capital markets are experiencing concurrent improvement in both valuations and round sizes across series. Still, down rounds remain elevated, as many companies that raised in 2021 and 2022 are coming back to market while still growing into prior round valuations.

Many investors that were on the sidelines in H2 2022 and 2023 came back to market over the last year with a mandate and mindset to deploy capital. There is still a meaningful flight to quality dynamic with investors being highly selective and discerning. Hayden Stuhr of Private Capital Markets notes that while investors remain acutely focused on scalability, profitability, and sustainability of growth, companies with outsized growth profiles are being rewarded with premium multiples. For high-quality issuers, there is broad investor support for various use of proceeds including growth capital, acquisition financing, and secondary sales.

The tone around secondary activity is sending positive signals. Two years ago, secondary deals were being driven by investors looking for liquidity to recycle capital. This has shifted to investor demand now driving a lot of the dynamic. Even when companies are not in need of primary capital, secondary deals provide the opportunity to clean up existing cap tables, paving the way for a simpler potential future IPO.

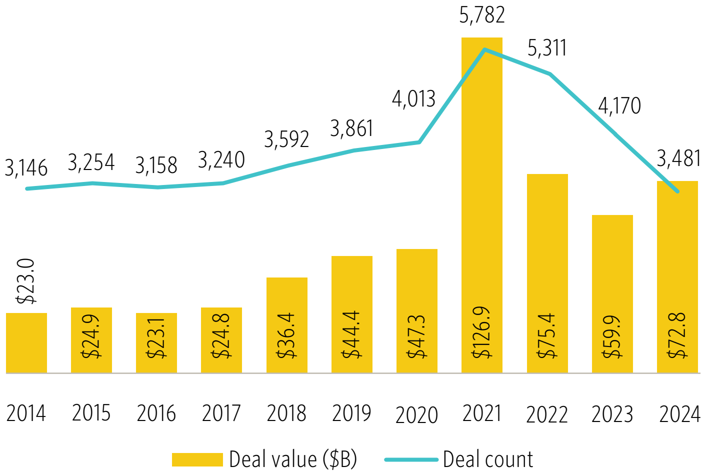
Stuhr also notes that bid-ask valuation spreads have narrowed toward levels seen during 2018-2019. While structure remains prevalent in many deals, an increasing number of "clean" rounds are getting done with structure incorporated strategically, all suggesting an improved market environment.

DEALS BY SECTOR

SaaS

AI boosts SaaS deal value in 2024

SaaS VC deal activity



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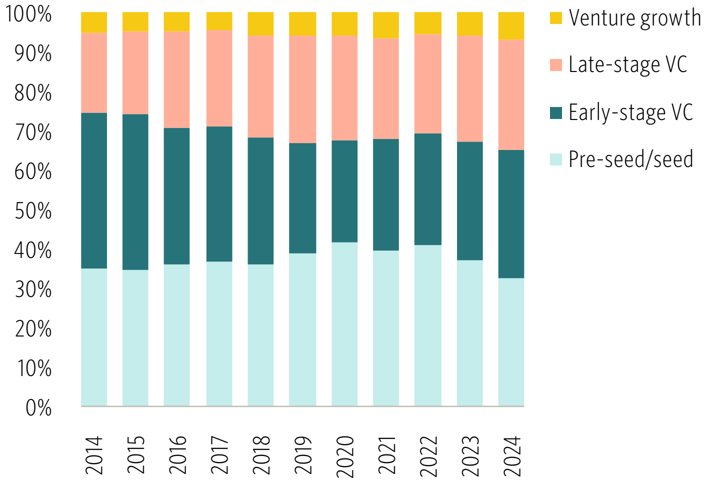
Fewer SaaS platforms launching into market

Share of SaaS VC deal count by stage



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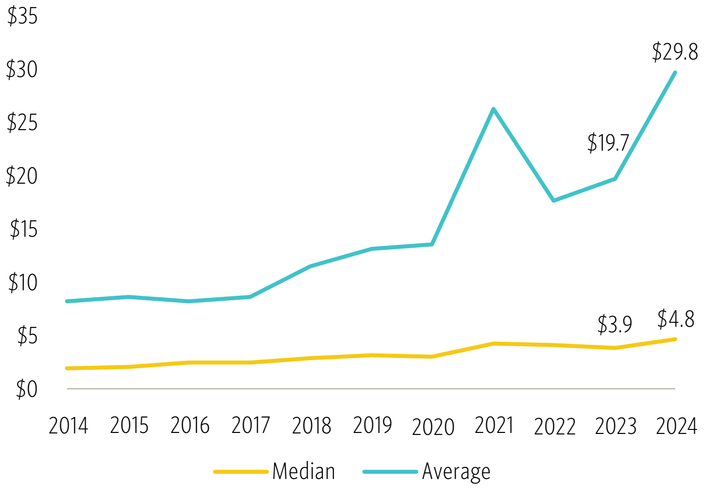
Median deal sizes reach new high

Median and average SaaS VC deal values ($M)



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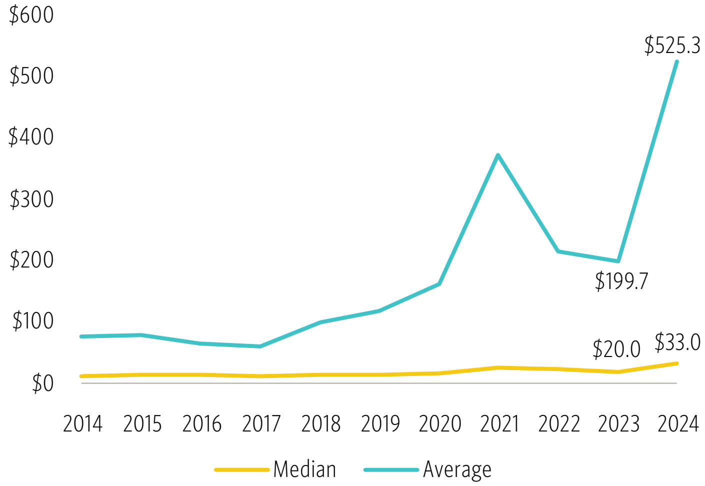
Outliers take average valuation above $500 million

Median and average SaaS VC pre-money valuations ($M)



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Victor Boyajian
Global Chair, Venture Technology Group
New York / San Francisco

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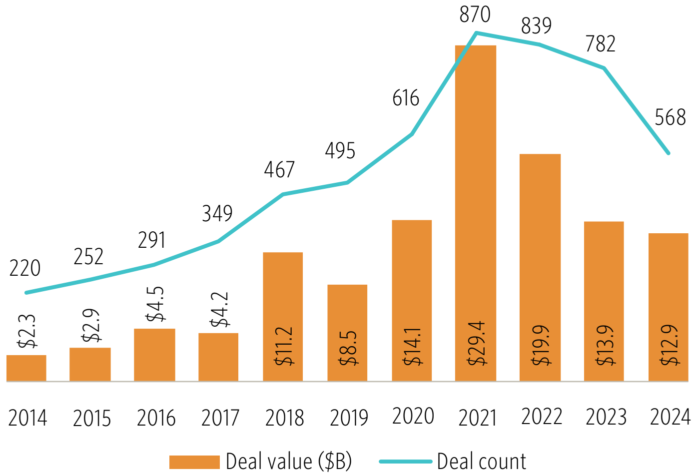
DEALS BY SECTOR

Climate tech

Climate tech had a down year

Climate tech VC deal activity



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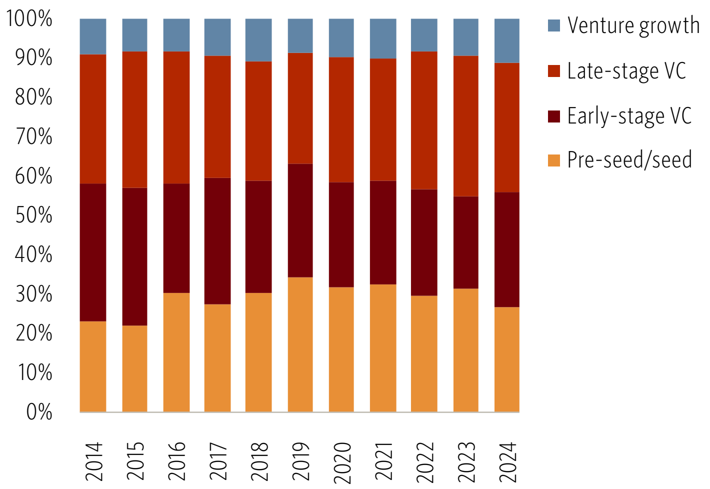
40% of activity occurred at late stage and venture growth

Share of climate tech VC deal count by stage



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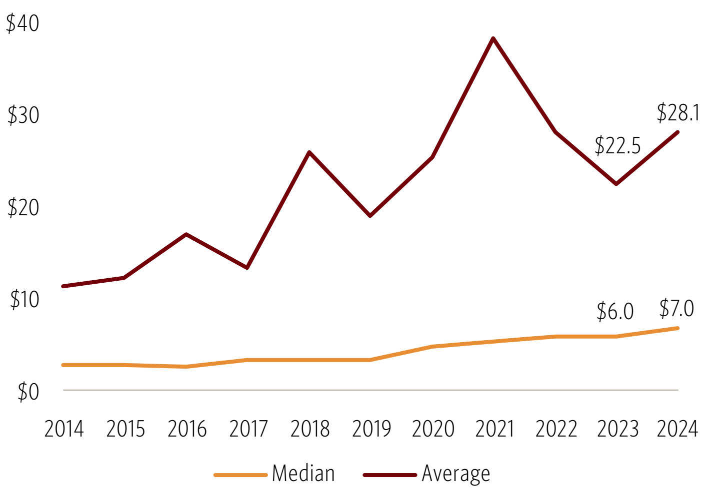
Deal sizes increased marginally

Median and average climate tech VC deal values ($M)



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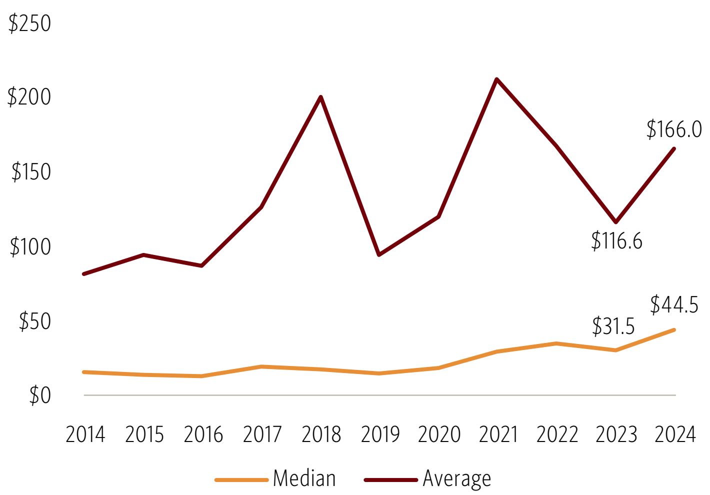
Valuations bumped up at the median

Median and average climate tech VC pre-money valuations ($M)



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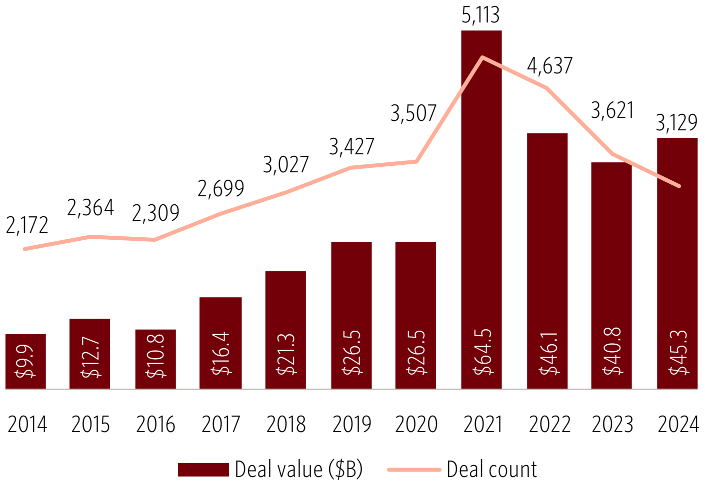
Female founders

Female founders see boost in deal value in 2024

VC deal activity in companies with at least one female founder



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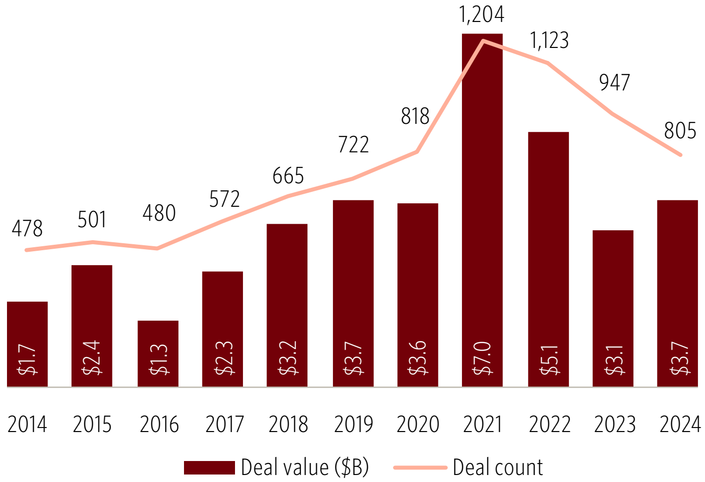
Nearly $4 billion raised by all-female teams

VC deal activity in companies with all-female founding teams



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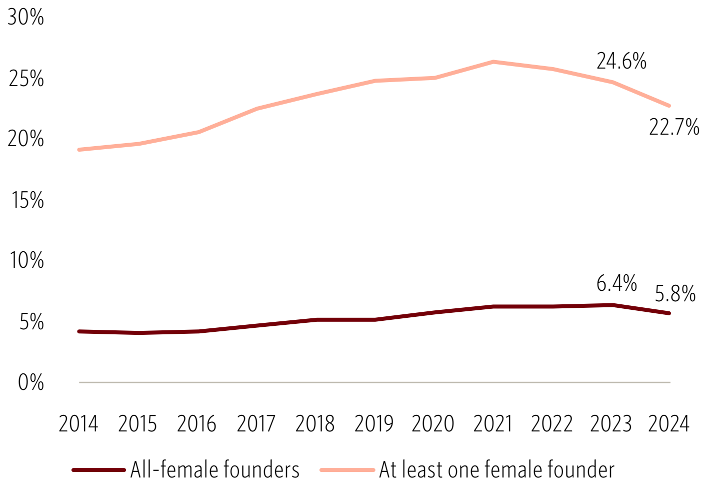
Deal count falls below 6%

Female-founded company deal count as a share of all VC deal count



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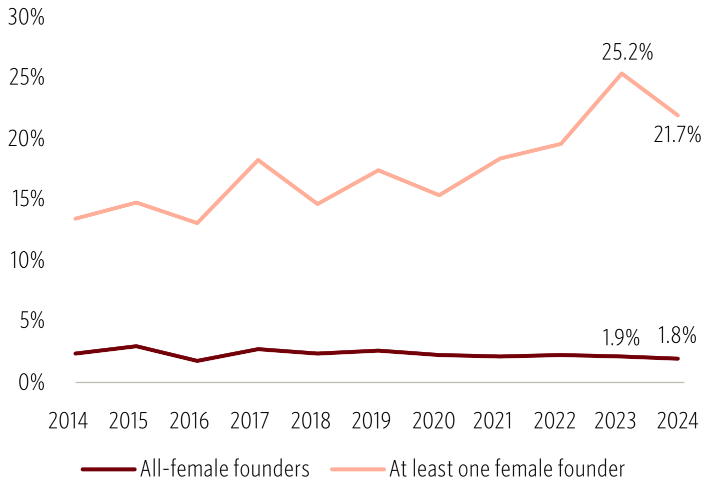
Proportion of deal value drops

Female-founded company deal value as a share of all VC deal value



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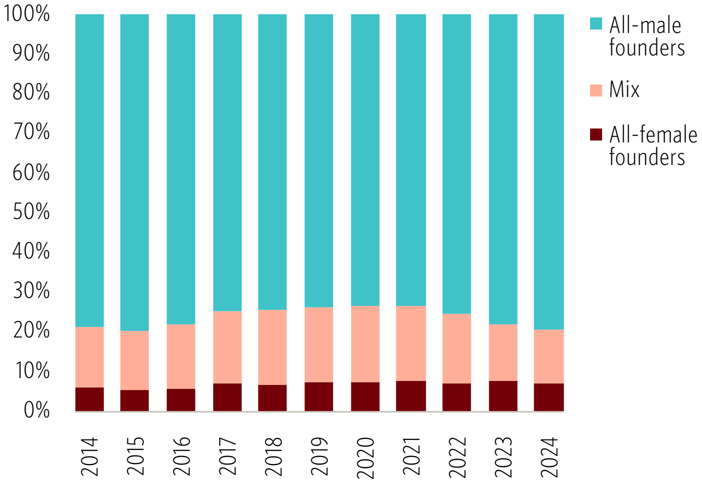
Just 20% of first financings go to all-female or mixed-gender teams

Share of VC first-time financings by founder gender mix



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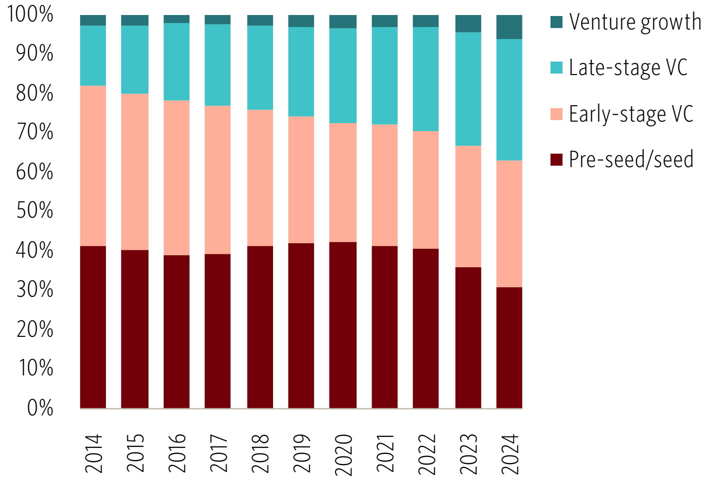
Later-stage deals take largest proportion of female founder teams

Share of VC deal count for female-founded companies by stage



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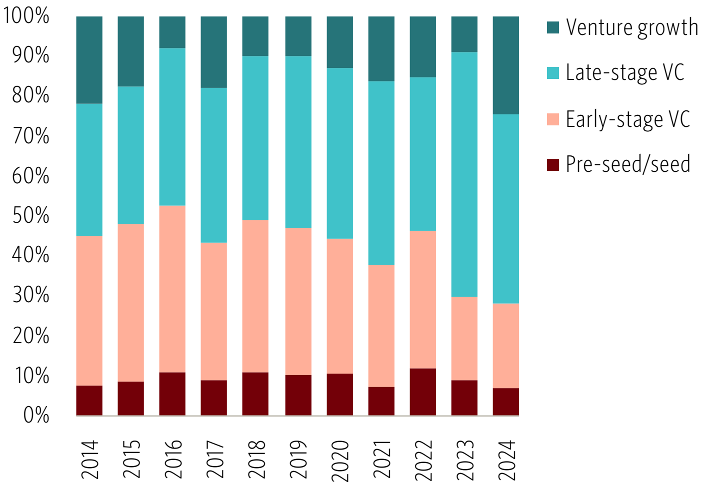
Deal value skewed late

Share of VC deal value for female-founded companies by stage



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Nearly 200 female-founded companies raise in New York during the year

Top five CSAs by deal count for companies with all-female founder teams in 2024

Combined statistical area	Deal count
New York-Newark, NY-NJ-CT-PA	174
San Jose-San Francisco-Oakland, CA	132
Los Angeles-Long Beach, CA	66
Boston-Worcester-Providence, MA-RI-NH-CT	35
Chicago-Naperville, IL-IN-WI	27

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Note: San Diego MSA is excluded in Los Angeles-Long Beach CSA. Austin MSA is included in rankings alongside CSAs.

A WORD FROM DENTONS GLOBAL VENTURE TECHNOLOGY GROUP

Trump 2.0's impact on the tech community

__Victor H. Boyajian__, global chair of Dentons' Venture Technology and Emerging Growth Companies Group, sat down with __Mark Wetjen__, partner and member of Dentons' Federal Regulatory practice, to discuss the future for the technology community in light of potential policy changes under President-elect Trump and his administration.

Boyajian (New York/San Francisco): What areas of policymaking could impact entrepreneurs and investors involving emerging growth companies?

Wetjen (Washington, DC): We anticipate immediate steps by the 119th Congress and by President-elect Trump. Notably, the newly elected Senate majority leader, John Thune, has recently said the Senate will pass a budget-reconciliation bill, paving the way for follow-on legislation that could pass the Senate by a simple majority. The budget reconciliation bill would set the stage for follow-on bills addressing the president-elect's border security, defense, energy, and tax priorities.

This budget measure is critical because without it, Senate legislation is subject to the filibuster rule, which provides that a 60-vote supermajority is needed to pass legislation. Some of President Biden's biggest legislative priorities also passed the Senate through this process during his term.

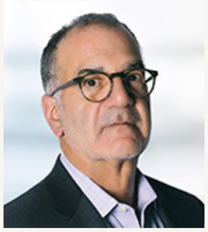
Generally speaking, bills responding to instructions of the budget measure need to impact federal spending, revenue, or the debt limit.

Work on extending the 2017 tax cuts and the estate and gift tax exemption that otherwise would expire at the end of 2025 will begin immediately. This effort likely would keep the corporate tax rate low at the current level of 21% or a similar level. New ventures structured as pass-through entities also could continue enjoying certain deductions, and certain capital investments could continue to enjoy immediate, 100% bonus depreciation. The ability to carry forward net-operating losses under existing law could be extended this coming year.

Boyajian: Do you anticipate complications with extending the 2017 tax law in some form?

Wetjen: We will need to see how the Trump administration proposes to pay for the costs of extending existing tax law. Some have grown increasingly alarmed by the proposed level of federal spending over the next 10 years and the size of the national debt. Scott Bessent, nominee for Treasury secretary, has indicated the Trump 2.0 administration will look at how to pay for these extensions.

Given some but not all of the authorized funding under the Inflation Reduction Act (IRA) has been committed, the Trump administration might look to shrink or eliminate some of these programs to offset the costs of the tax legislation. As a consequence, some emerging sectors subsidized by programs authorized by the IRA, such as renewable energy, could be impacted.



Victor H. Boyajian
Global Chair, Dentons Global Venture Technology

Dentons is one of the world's largest law firms at the intersection of tech, law and policy. Victor leads a global team focused on representing emerging growth technology companies, venture capital firms, corporate strategic and private equity firms in a broad array of matters from Silicon Valley and New York to London and Singapore, and beyond.

Mark P. Wetjen
Partner, Dentons Federal Regulatory Practice

Mark has substantial experience in policy, capital markets, and financial services. He is a former commissioner and acting chairman of the US Commodity Futures Trading Commission, and worked in the US Senate during passage of the Dodd-Frank legislation.

Boyajian: There is a broad belief among those of us in the markets that deal activity is set to increase given rate reductions by the Federal Reserve and the elimination of the uncertainties inherent in the US election cycle. Should we expect the environment in Washington to facilitate M&A activity?

Wetjen: Across the board expect to see a lighter regulatory touch. Given personnel is policy, the approach that key regulatory agencies—such as the Federal Trade Commission (FTC) and the antitrust division at the Department of Justice—take toward M&A will matter most in this respect, apart from any potential action taken by Congress. And antitrust has been a particular area of concern for the dealmaking community. Moreover, President-elect Trump has signaled his intent to keep the pressure on Big Tech firms that dominate internet search and social media. He nominated Gail Slater to assume the role of assistant attorney general for antitrust and Andrew Ferguson to chair the FTC, both of whom have expressed alignment with this approach.

Boyajian: What are some of the other key policy areas you have in mind for early action in 2025?

Wetjen: We can take it to the bank that there will be additional tariffs on imported goods in some fashion. In addition, the president-elect has pledged that Trump 2.0 will be a pro-crypto administration. There clearly has been friction between the Securities and Exchange Commission's (SEC's) overall securities framework and the digital assets marketplace as reflected in the number of SEC enforcement actions brought against digital asset firms. One of the key positions for the digital assets sector is the chair of the SEC, which supervises US capital markets. President-elect Trump has nominated Paul Atkins to chair the SEC—Atkins understands the crypto space well through his previous work with the industry.

Apart from crypto, the SEC under Trump 2.0 likely will consider agency reorganization as well as market-structure reforms, all of which could impact how and when private companies access public markets.

Boyajian: Let's talk about the impact of the change of administrations on the CHIPS and Science Act and investments in clean energy technology through the IRA. How will a new administration navigate complex, competing policy and political considerations?

Wetjen: President-elect Trump has said he favors tariffs over subsidies and tax credits to convince companies to build manufacturing facilities in the United States and thus is not an enthusiastic proponent of the CHIPS Act. Similar goals, yet a dramatically different approach from the Biden administration.

At the same time there is some acknowledgement of the political blowback that could come from outright repealing legislation given the benefits to many regions, including so-called red states. The most likely outcome is that Trump 2.0 seeks to leave a good portion of the legislation intact and make changes to application guidelines, such as removing existing guidelines that encourage the use of union labor and renewable energy.

Boyajian: I would be remiss to end the conversation without broaching the impact of having Elon Musk—one of the principal tech innovators in the world—so closely aligned with the incoming administration. What impact will his presence have on the technology industry overall?

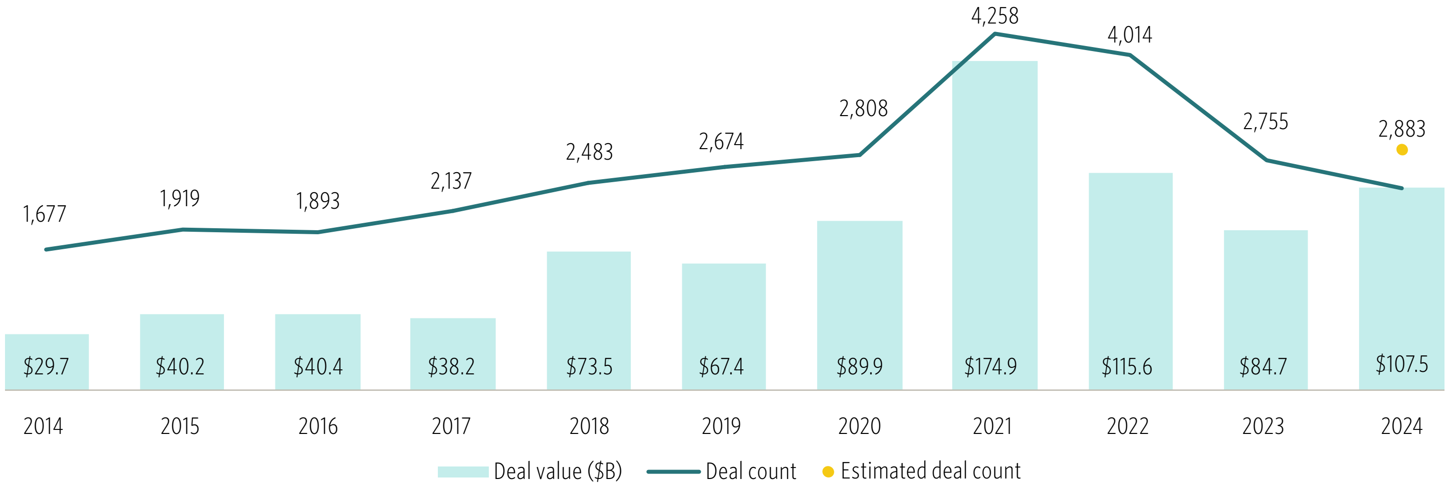
Wetjen: Any sector benefits from having a friend at the table—it could tip the scales on policy priorities including, interestingly, clean energy. Musk also has a point of view on AI and some of its perils but counts David Sachs—who the president-elect intends to select as AI and crypto czar—as a friend. The use cases for AI infiltrate every sector of the economy. The combination of Trump 2.0's expected restraint of regulatory action with AI's escalating potential sets the stage for one of the most consequential two to four years of technology adoption, related policy, and disruption.

Boyajian: Regardless of one's political or policy persuasions, the next two years in Washington promise to be impactful on the venture community.

Investor trends

AI pushes CVC deal activity

VC deal activity with CVC participation



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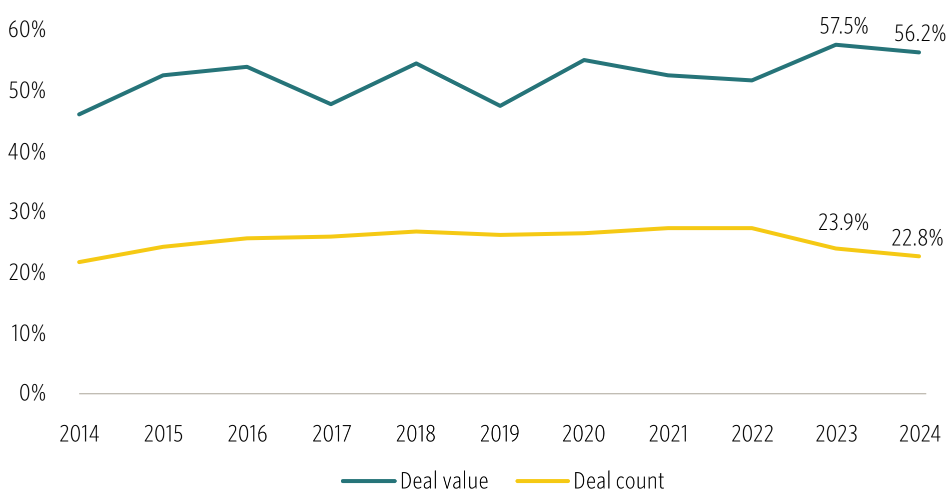
CVC

Corporate investment has dipped slightly over the past couple years but remains at 22.8% of completed deals. Despite the decline in proportion of deals completed—the high was 27.3% in both 2021 and 2022—this should signal that corporate investment is a mainstream investment activity for large corporations. Nearly 3,000 deals with corporate involvement occurred in 2024, and Big Tech was a mainstay in the large AI deals that included partnerships and compute credits at times alongside large equity stakes. In Q4, 38.1% of CVC deals were made into AI companies both large and small. That was the highest quarter on record for that figure. As AI continues its march into all corners of tech, corporates are uniquely positioned to capture emerging applications and introduce new models and use cases into their own products. Focus by corporate venture capitalists (CVCs) in AI has consistently grown from 22.5%

CVC as proportion of deal count falls

VC deal activity with CVC participation as a share of all VC deals



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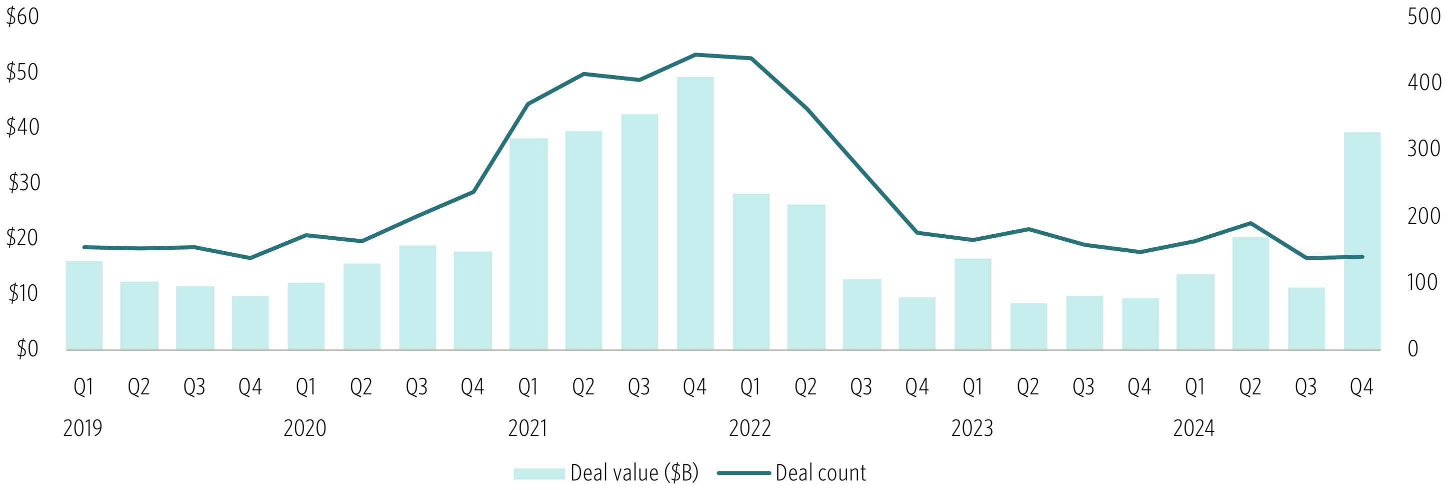
of completed CVC financings in 2021 to 31.9% in 2024.

More than 2,000 corporates made an investment in 2024, a higher number than every year before 2021. Though some CVCs shut down or drastically slowed their deployment, the staying power of corporate programs that launched during the past five years signals a shift in corporate investment thinking. Corporate earnings remained robust amid market headwinds, which buoyed investment activities and provided CVC programs further runway to showcase their benefit. A recent

Crossovers have stayed out of market

VC deal activity with crossover investor participation by quarter



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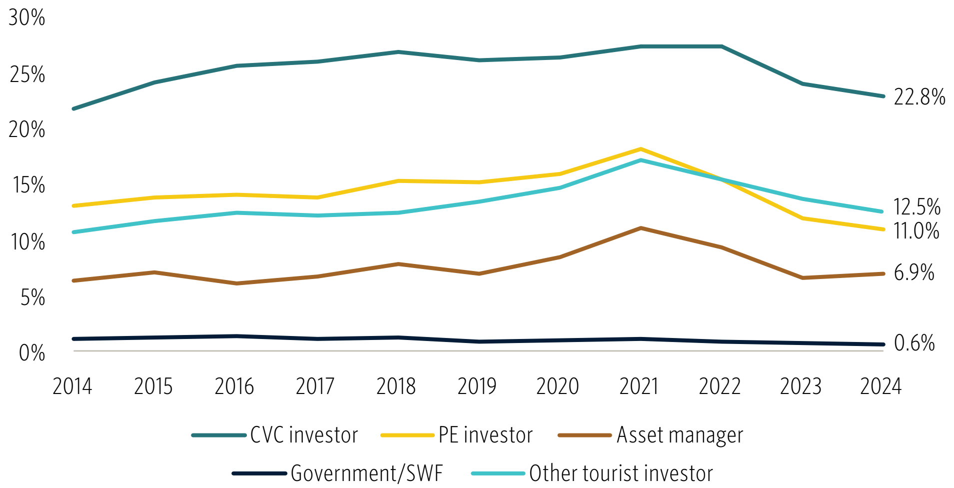
survey from McKinsey & Company also shines a light on corporate thought toward growth by way of venture building.[1] Though venture building is relatively different from venture investment—building new products and revenue streams rather than investing into separate companies—the information and data rights that come along with CVC investments can further boost new product development through understandings of emerging markets and technologies.

Nontraditional investment has continued to pull back from VC

VC deals with nontraditional investor participation as a share of all VC deal count by investor type



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Crossover investors

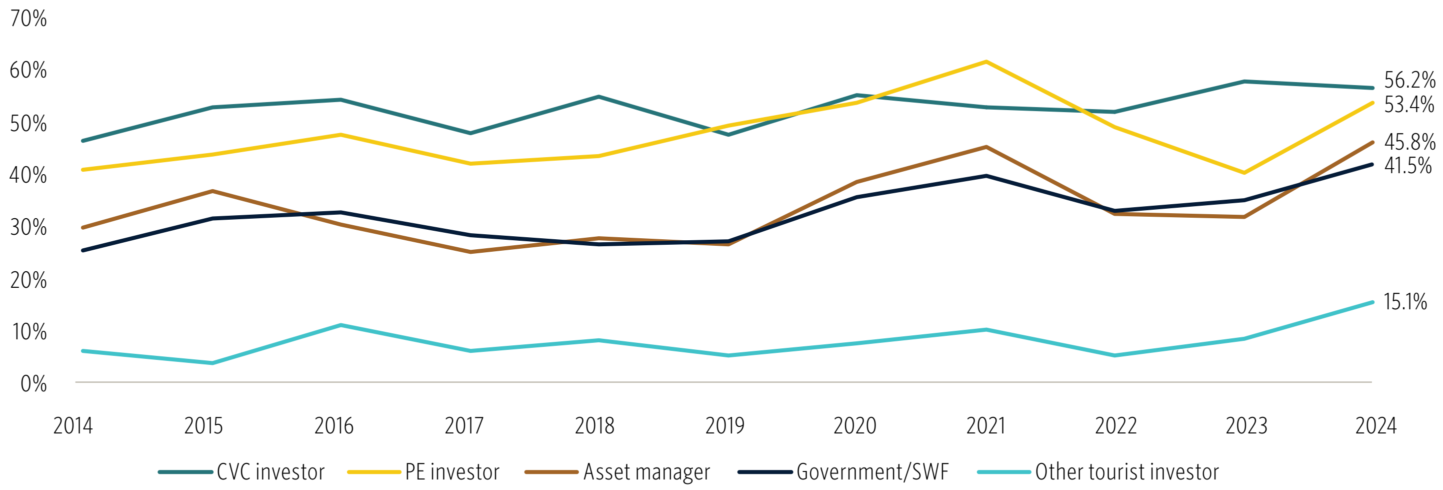
Crossover firm activity continued to be a lowlight for needy companies at later stages of VC. 2024 deal count with these institutions was roughly flat compared with 2023. Late-stage VC and venture growth continue to show the largest gap in capital demand and supply—a supply that crossover investors have typically covered. However, crossover activity has not been historically low. The 2023 and 2024 figures are in line with 2020 levels and remain above any year prior to that. However, the number of companies that should be targets for these large investors has increased significantly since then, marking their significant pullback.

The lengthening of venture may be a legacy of crossover investment in venture. Without crossovers putting capital to work in VC-backed companies, companies would have had more pressure to exit. Instead, with the high costs and added regulations of IPO, the incentive to move into the public markets is low when capital is readily available in the private market. Yet these firms pulled back swiftly from the companies that should need them most, leaving a void in their wake. Just 9.5% of venture-growth deals included a crossover investor in 2024, well lower

1: "How CEOs Are Turning Corporate Venture Building Into Outsize Growth," McKinsey & Company, Belkis Vasquez-McCall, et al., October 22, 2024.

Large deals skew nontraditional investment trends

VC deals with nontraditional investor participation as a share of all VC deal value by investor type



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than the 29.7% of such deals in 2021 and the lowest proportion since 2016. The median deal size for venture-growth deals also fell significantly to $10.5 million. At less than one-third of the median from 2021, the lack of capital should also place more pressure on companies to seek liquidity paths in the near future.

A recent report from Morningstar highlighted the challenge of crossover investing into VC. The report, which examined mutual fund holdings of unicorns, shows that private company holdings lost value more often than not, which signals the differences in choosing public and private market winners. When excluding SpaceX, private company holdings from mutual funds had collectively lost about 1.3% when investing into private unicorns.[2] Data for that report detailed only through the typical six-month hold period post-IPO, so though true returns on investments may end up higher, the need for crossovers to be increasingly active in VC prior to IPO is called into question.

Lenders

Venture debt has shifted toward artificial intelligence in a similar fashion to equity interests. More than 36% of new debt issuance has gone to AI projects, though that is heavily biased toward the large, outsized deals. The loans are being used for heavy investment in chips and the energy needs for the high-compute models. CoreWeave, which raised $7.5 billion in June 2024, noted its intention at the time to deploy the capital quickly and raise further debt in the future.

The lack of equity capital availability at the later stages of venture has also impacted lending into those stages as needs have increased. In 2024, loans to venture-growth-stage companies outpaced those to all other stages for the first time. Though fewer loans were completed at this stage than in 2021, venture growth has remained the most robust market for lending. Nearly two years since Silicon Valley Bank collapsed, venture loans to earlier-stage companies have not quite rebounded—though the declines should not be put solely on SVB. The inherent risks of early-stage companies have made lending to these companies without taking on a majority of the banking business, as SVB did, more difficult for the math to work on these deals. One of the more important signals for venture lending has always been the activity level of the venture equity market. As VC has slowed overall, lenders have continued to press into less risky companies, which, in part, pushes their activity into the later stages.

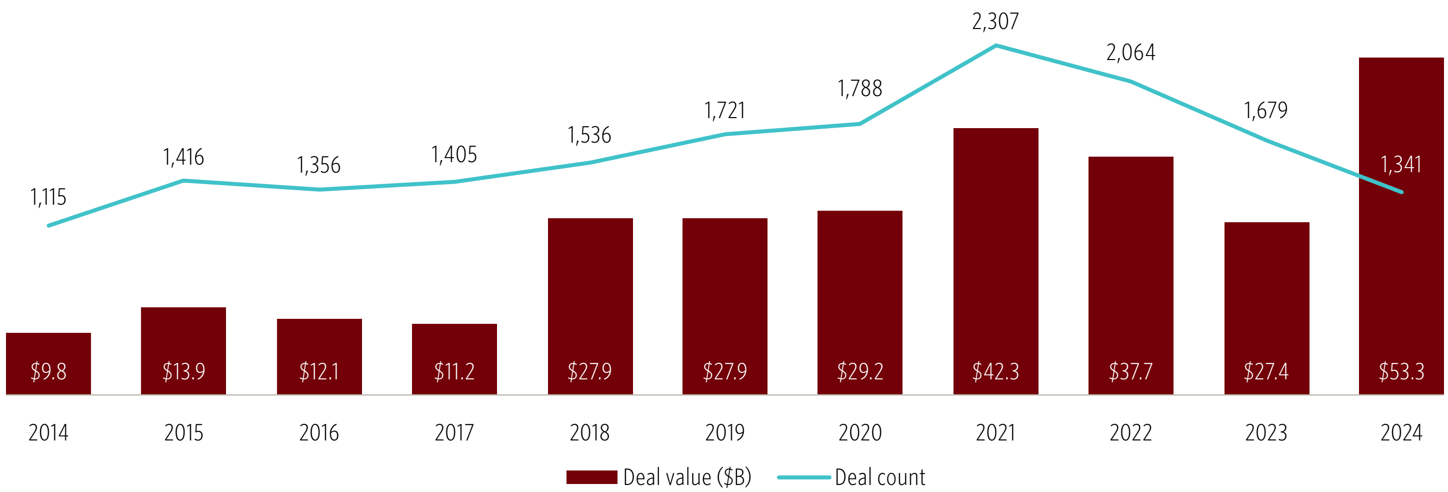
We expect venture lending to remain robust and to even push toward a growth in count in the next year as rate cuts decrease borrowing costs. Investment activity increases, or potential increases, due to a lessening liquidity drought would also boost lending needs. Those companies still struggling to gain equity interest will likely continue to be shut out from debt markets without strict covenants that could be hazardous to their growth and development.

2: "Mutual Funds & Unicorns," Morningstar, Morningstar Manager Research, Jack Shannon, 2024, accessed December 20, 2024.

Venture debt

Debt value has blowout year

Venture debt deal activity



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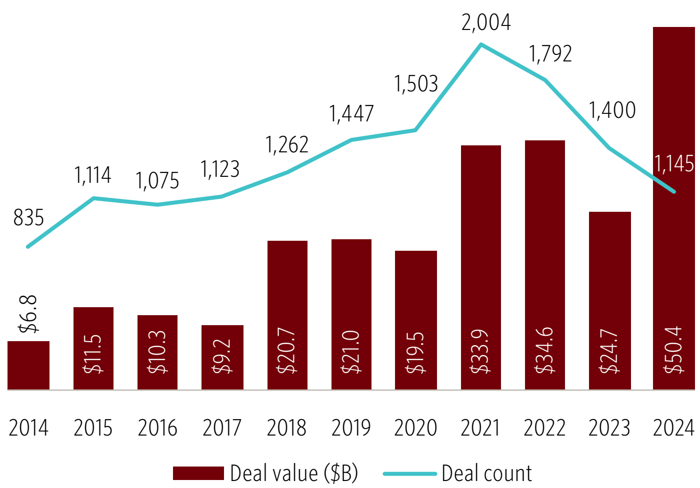
Loans to AI boost tech loan value

Tech venture debt deal activity



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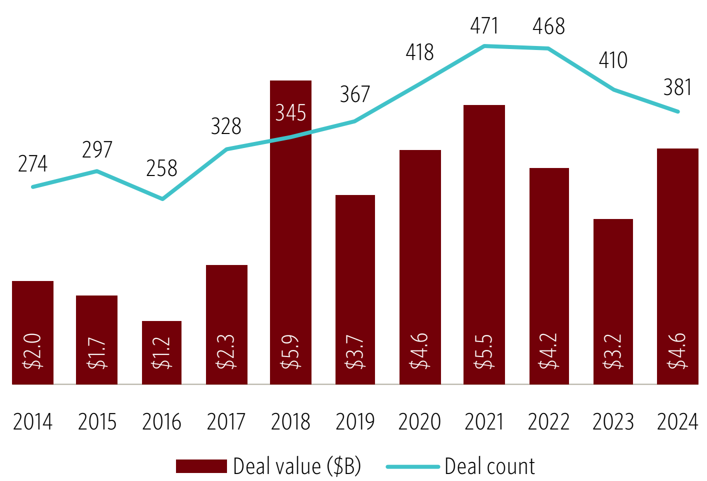
Healthcare loans also have strong year

Healthcare venture debt deal activity



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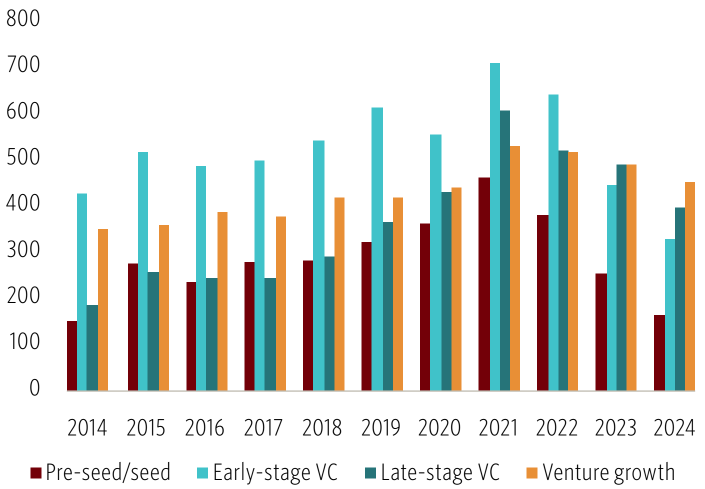
Venture-growth loans outpace all other stages

Venture debt deal count by stage



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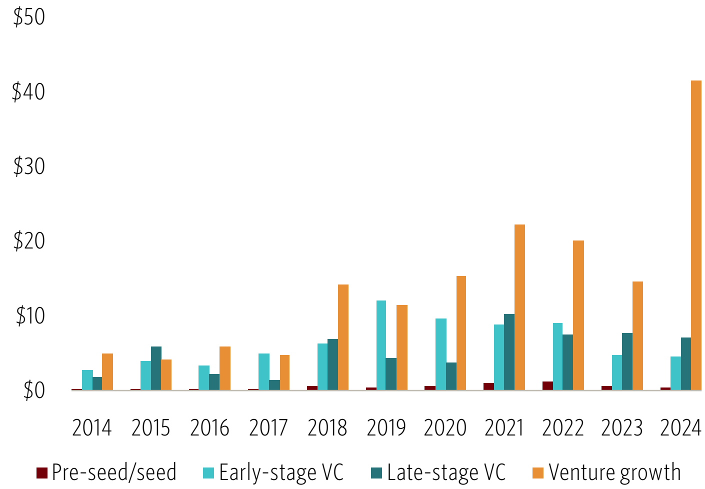
Nearly $40 billion loaned to venture-growth companies

Venture debt deal value ($B) by stage



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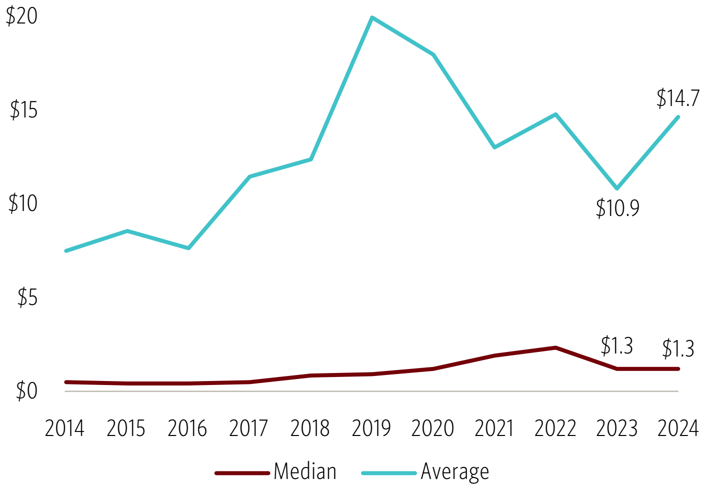
Average early-stage loan size reaches decade high

Median and average early-stage venture debt deal value ($B)



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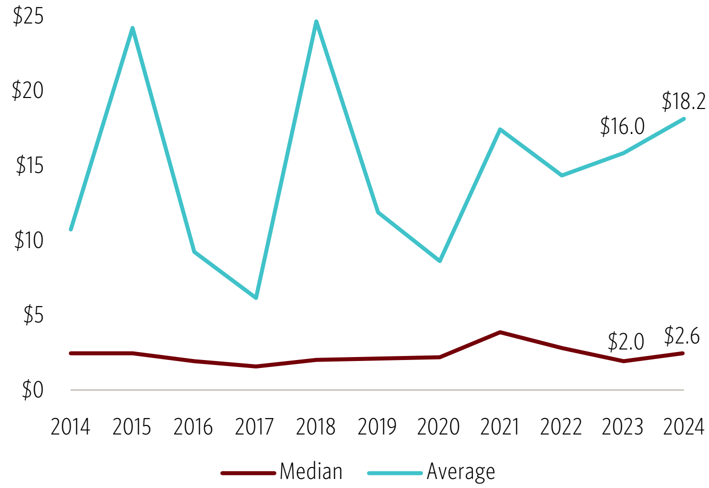
Median late-stage loan size remains subdued

Median and average late-stage venture debt deal value ($B)



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A WORD FROM DELOITTE

Don’t let cyber insecurity hurt your valuation

The new reality for companies seeking funding reads like a thriller: Ransomware gangs operate like professional corporations; hackers work around the clock; and amid the digital chaos, robust cybersecurity has become table stakes for startups pursuing venture capital (VC).

Though artificial intelligence (AI) remains a hot sector in VC, cybersecurity isn’t too far behind. Cybersecurity unicorns outperformed many of their emerging tech peers in valuation growth in 2023,[3] according to PitchBook. The reason is clear: Cyber threats have become pervasive across all aspects of business life, from consumer applications to enterprise solutions. Companies with elevated security measures may find it advantageous for locking in funding, while those lacking comprehensive protection might face increased scrutiny from possible investors. It turns out that when hackers treat corporate networks like an all-you-can-breach buffet, investors tend to notice.

In this article, Deloitte’s Heather Gates and Tiffany Kleemann detail how cybersecurity isn’t just an IT concern—it’s a fundamental business imperative that can make or break company valuations. Read on for important guidance and insights.

Your next merger’s big threat? A weak firewall.

The tectonic plates of mergers & acquisitions (M&A) have shifted, and perhaps nothing illustrates the growing importance of cybersecurity more than the fact that it’s becoming inextricably linked to a business’s chances for success. “Based on business activity, the first three months of the fiscal year saw more cyber-related due diligence than the entire previous year combined,” says Tiffany. This surge signals a fundamental shift in how acquirers evaluate their targets.

“Without a solid cyber plan in place, the value of your enterprise could be significantly diminished, especially if there is a cyberattack on the business,” notes Heather. Five to 10 years ago, this wasn’t even a consideration during exits, but now it’s mandatory.

The startup’s security paradox

For early-stage startups, this new reality can present a challenging paradox. Heather says, “While early-stage investors may not scrutinize cybersecurity during initial funding rounds, the moment a startup begins engaging with customers, security becomes paramount.” The old Silicon Valley mantra of “move fast and break things” has evolved. Today, cybersecurity is foundational to risk management. That said, it is a matter of “when, not if” that enterprises will eventually experience a material cyber incident, so they should do all they can to build a cyber program that can operate through disruption, not just assume attacks can be prevented.

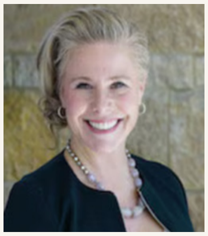
This evolution doesn’t mean startups need enterprise-level security from day one. Instead, starting with essential controls and scaling security measures as the business grows is a suggested leading practice. Many young companies opt for outsourced security solutions, similar to how they might farm out accounting functions in their early days. The key is striking that delicate balance between “good enough for now” and “won’t keep future investors up at night.”

Digital extortion goes corporate

The threat landscape has evolved to become surprisingly professional—albeit remaining illegal. Modern ransomware operators maintain help desks, negotiate terms, and even provide “customer service” for their victims. These digital desperados have

Heather Gates
Audit & Assurance Private Growth Leader, Deloitte & Touche LLP

With more than 30 years of financial services experience, Heather serves as the national Private Growth Leader within Audit & Assurance.



Tiffany Kleemann
Emerging Growth Leader, Managing Director – Cyber & Strategic Risk, Deloitte & Touche LLP

Tiffany is currently the Emerging Growth Leader for the Cyber & Strategic Risk practice at Deloitte. She has had a distinguished career holding various leadership and operational roles in the technology industry, White House, government, and US military.

3: “The VC Investors Leading the Way in Cybersecurity,” PitchBook, Jacob Robbins, February 29, 2024.

built a surprisingly successful business model—if only they could apply their skills to a more honest profession.

What's just as concerning is the sophisticated targeting of companies during crucial business events: IPOs and M&A transactions. These cybercriminals have mastered the art of strategic timing, actively monitoring news about potential M&A or funding rounds and taking advantage of those events by actively launching ransomware or data breach campaigns targeting those entities.

The zero trust revolution

There was a 400% increase of Internet of Things (IoT) malware attacks across various industries, according to Deloitte's Annual Cyber Threat Trends Report.[4] In response to these types of evolving threats, organizations are increasingly adopting "zero trust" principles. This approach, based on the premise of "never trust, always verify," requires verification at every step, whether accessing internal systems or communicating with third parties. Every login and connection become the digital equivalent of an airport security check. "Zero trust provides a scalable framework that grows alongside your business," says Tiffany.

Smart threats, smarter defense

Similar to other facets of business these days, AI plays a big part in cybersecurity, emerging as both a threat and a solution. While AI enables more sophisticated attacks, including very convincing deepfakes that can fool even C-suite executives, it's also powering defense mechanisms that can spot a digital intrusion faster than you can say "unauthorized access." This technological race can push companies to strengthen their security positions and improve their data governance practices. Get ready for a new mantra in today's corporate environment: Data governance isn't just good housekeeping—it's key to survival.

The CFO's cybersecurity awakening

Move over, balance sheets—there's a new line item keeping chief financial officers (CFOs) up at night. They're finding that cybersecurity has become an unexpected but crucial part of their portfolio. Tiffany says, "At recent industry conferences, while nearly all CFOs acknowledged their involvement in cybersecurity decisions, few felt adequately educated on the topic." The result? A mad dash for cyber literacy among the spreadsheet-and-depreciation crowd, who suddenly need to understand why that seven-figure cybersecurity investment might be as important as next quarter's earnings report.

2025's cybersecurity survival guide: Stop wishing, start preparing

Protecting your company starts with undergoing a due diligence process. Work with a trusted advisor to conduct an in-depth assessment of your cybersecurity network including past incidents and current staffing. We can advise on policy reviews, cybersecurity tool stacks, and your organization chart, in addition to regular security assessments with independent National Institute of Standards and Technology (NIST) framework evaluations. We can also provide advice for your incident response plan and risk-appropriate insurance options.

Tiffany notes an important statistic: "According to the Deloitte 2023 Global Future of Cyber Survey,[5] 91% of companies reported at least one cyber incident or breach." Deloitte's cybersecurity team is here to assist you in transforming your security strategy from a wish list into an actionable plan. Contact us to start the conversation—your next security assessment is closer than you think.

Take a deeper dive by downloading our annual Cyber Threat Trends report.

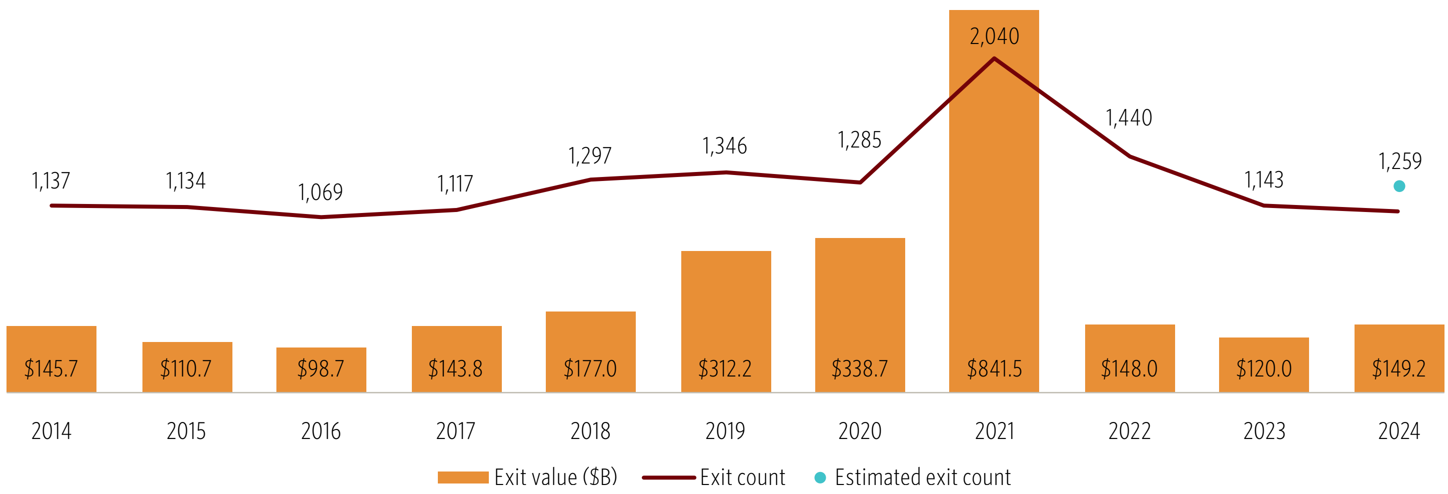
Contact our team today.

4: "Annual Cyber Threat Trends Report: Insights, Emerging Threats, and Their Potential Impact," Deloitte, 2024, accessed December 18, 2024.
5: "2023 Global Future of Cyber Survey," Deloitte, 2022.

Exits

Lack of liquidity highlighted by low exit value

VC exit activity



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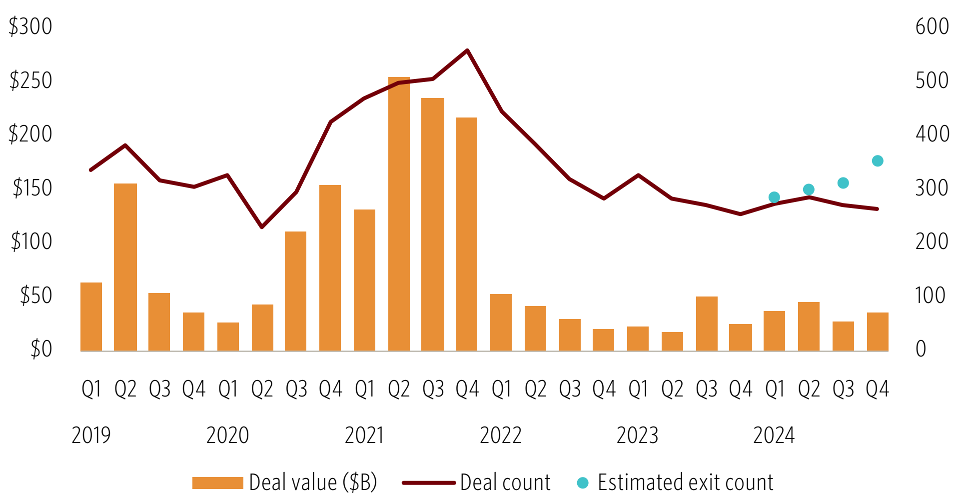
The lack of liquidity continues to be the VC problem. 2024 recorded an estimated total of 1,259 exit events with an aggregate value of $149.2 billion. The exit count in 2024 eclipsed that of the prior year by 10%, while total exit value reflected a 24.3% YoY uptick. This increase can be partially attributed to momentum from the top end of the exit market. In 2023, 16 deals exceeded the $1 billion exit value mark with an aggregate exit size of $46 billion. By contrast, 2024 had 21 exits at or above the $1 billion threshold, totaling $62.3 billion.

IPOs in Q2 and Q4 bolster quarterly exit value

VC exit activity by quarter



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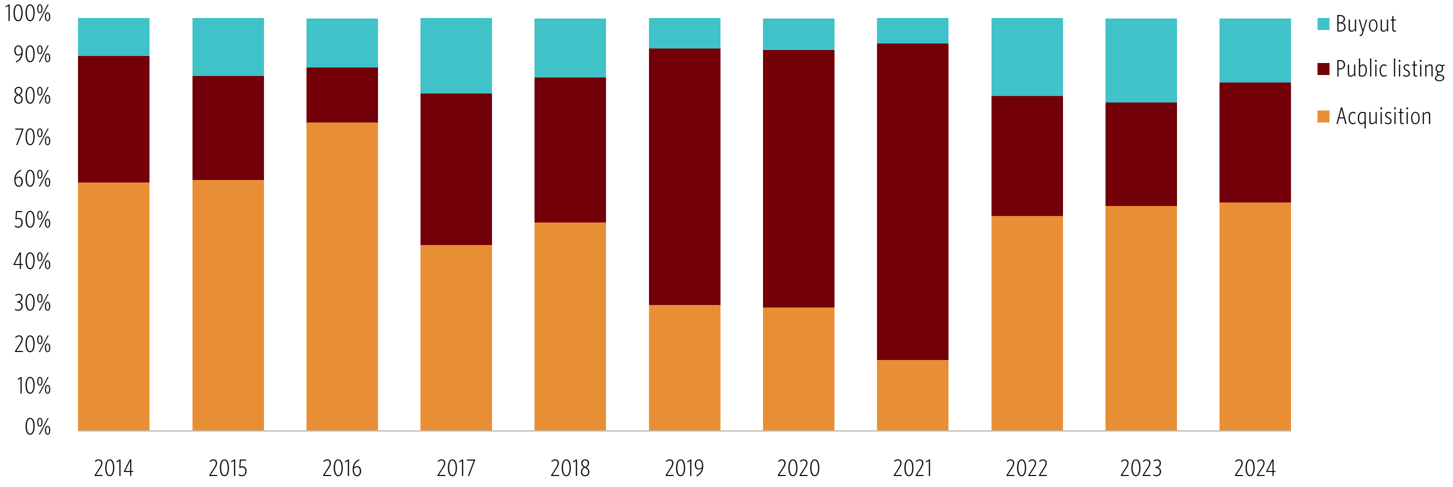
During the past two years, the largest exits—public listings and acquisitions—tended to concentrate in healthcare and information technology. Across both sectors, AI has made a splash in the market, particularly with the public debuts of Tempus AI, Astera Labs, and Pony.ai in 2024. The three IPOs were the second-, fourth-, and sixth-largest exits by size, respectively, during the year, reflecting the market consensus that AI is a fundamentally disruptive technology set to boost productivity and bring about innovative solutions. We expect the enthusiasm around AI to continue in the foreseeable future and that breakthroughs in the development and application layers of AI may translate into a robust pipeline of future exits.

While the ascending exit value from 2023 to 2024 may have brought hope to the broader market for the exit landscape to rewarm in 2025 and beyond, exit value in 2024 nonetheless sits at a significantly lower level compared with the pre-pandemic era. Exit value in 2024 fell lower than half of

Share of exit value from IPOs in recent years is much lower than 2019-2021 levels

Share of VC exit value by type



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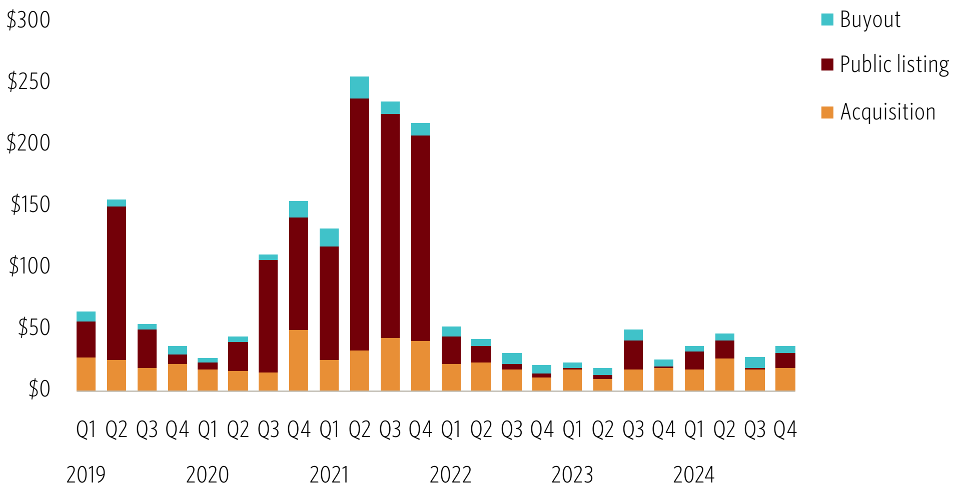
the 2019 level, while exit counts from the two years were roughly on par. This discrepancy suggests a shortage of large exits, particularly public listings, which historically make up the bulk of total exit value. A host of factors, including the valuation correction with their public counterparts as well as heightened geopolitical risks and market volatility, have weighed on the exit prospect of privately held, VC-backed startups. Due to the sluggishness in the US VC landscape over the past few years, low exit value has led to an overall sense of urgency among LPs for liquidity generation. More novel routes for generating liquidity, at least for VC, have increased in use. Secondaries have been one of those levers that GPs have used, though they come at a price. Secondary sales can be at significant discounts, deteriorating the true return they are creating.

Lack of IPOs keeps exit value low

Quarterly VC exit value ($B) by type



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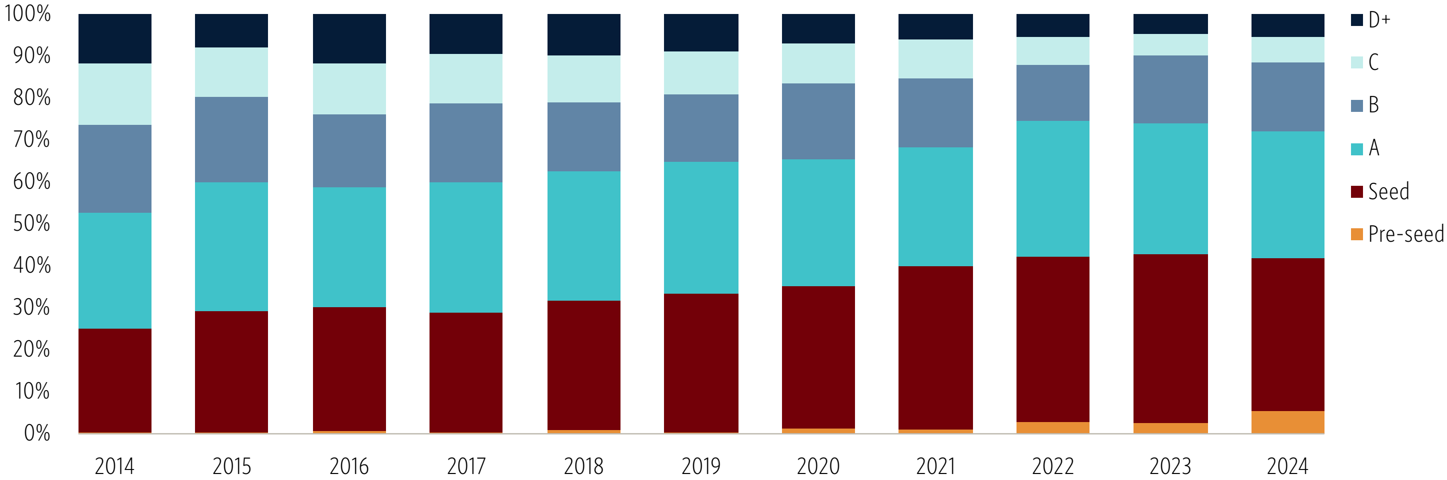
Q4 finished 2024 with $37 billion generated across an estimated total of 356 exit events. The quarterly exit value and count both exceed those of Q3, suggesting that the US VC exit landscape is still chugging along. However, the exit value of Q4 fell significantly lower than the level in Q2 2024. The sluggishness is unsurprising, as some companies may have chosen to adopt a "wait and see" mode in the context of election uncertainties, thus delaying their exit timeline.

Amid a prolonged IPO drought, M&A has played an increasingly important role. However, it was far from a great year. Many of the M&A deals were small, likely low-returning sales that acted in the place of companies completely shutting down. Several factors worked against M&A in

Majority of acquisitions occur before Series C

Share of VC round count by series where next round is an exit via acquisition



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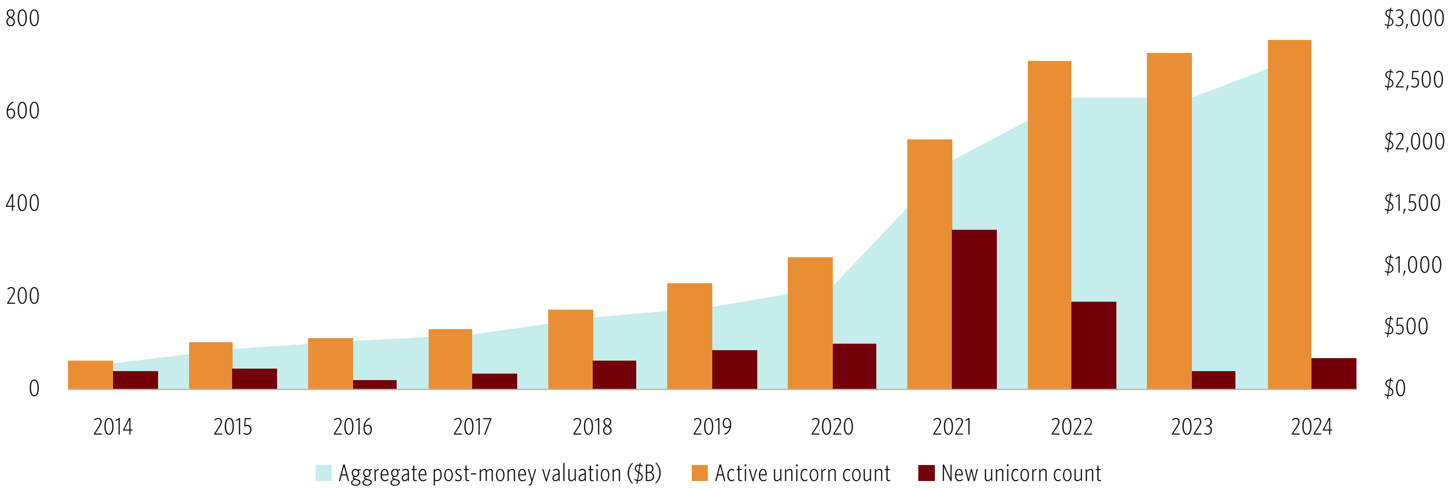
2024, which may be poised to break through into 2025. The FTC has been a negative pressure on M&A with its aggressive stance against what it sees as monopolistic moves by corporations. The change at the head of the FTC with the incoming administration should prove to be more business friendly, which should enable a bit more activity in the midsized to large transactions that have been missing for several years. Other market factors have also played into the lack of M&A. From a public company perspective, much of the year was marred by market uncertainty due to inflation figures and geopolitical tensions. A big purchase mistimed in the market when volatility increased could be detrimental to investors' perception of the company.

The high interest rates have also increased both the cost of capital and the pricing gap between companies with high valuations and the discounts corporates would need and expect. As rate cuts continue to lower borrowing costs and pricing expectations lower from sellers, the M&A market should pick up.

Unicorns now account for $2.7 trillion in value

Unicorn count and aggregate unicorn post-money valuation



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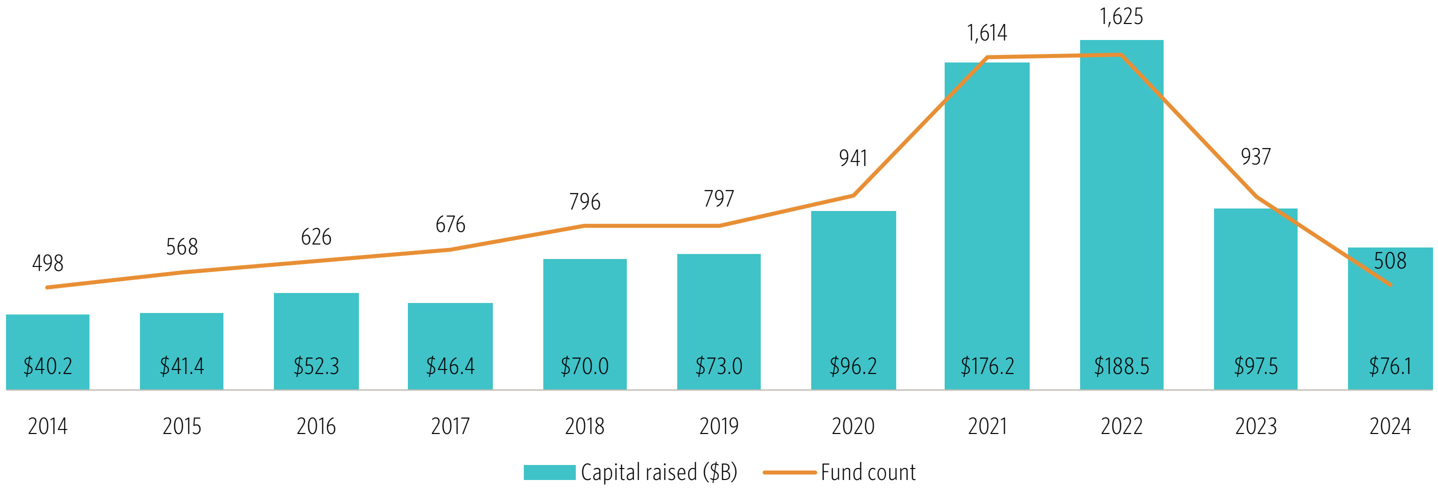
Fundraising

Fundraising is narrowly above pre-pandemic levels

VC fundraising activity



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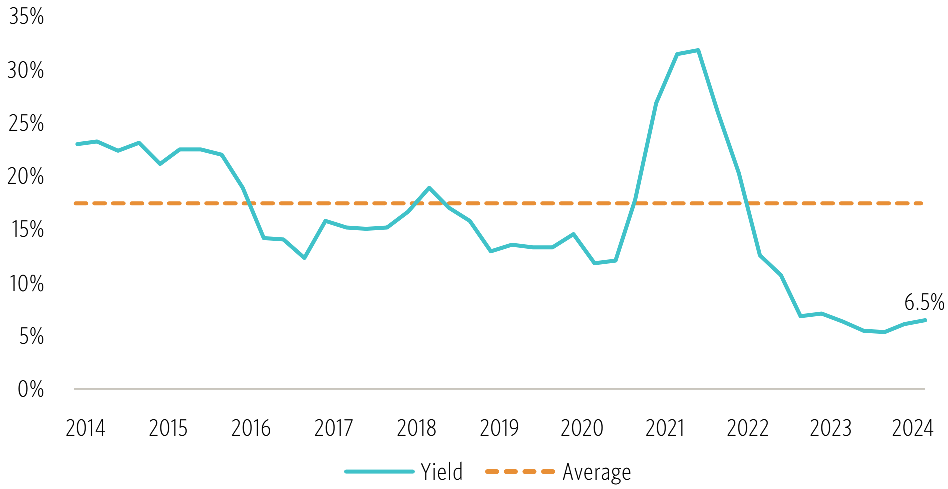
Fundraising was slow in 2024, with $76.1 billion raised across 508 VC funds. Without enough return-generating exits and access to liquidity, LPs are either unable or unwilling to allocate more capital to venture. These investors have been focused on fulfilling capital calls from commitments they made during the frenzy of the pandemic era and have not received realized gains to help replenish their wallets. Fundraising figures will likely remain muted in 2025 until more paper returns turn into cash.

Though the total capital raised in 2024 was above pre-pandemic levels, fund counts were at decade lows and were merely 31.3% of 2022 highs. Fundraising activity was increasingly concentrated among a handful of large, brand-name managers. Cautious LPs preferred to invest with fewer VC firms that have historically given them good returns, rather than spread their limited liquidity among many managers. As a result, only 20 firms captured 60% of the total capital raised in 2024, with Andreessen Horowitz leading the pack by singlehandedly bringing in nearly 10% of the annual fundraising figure.

Liquidity is a key hurdle for LPs

VC distributions as a share of net asset value



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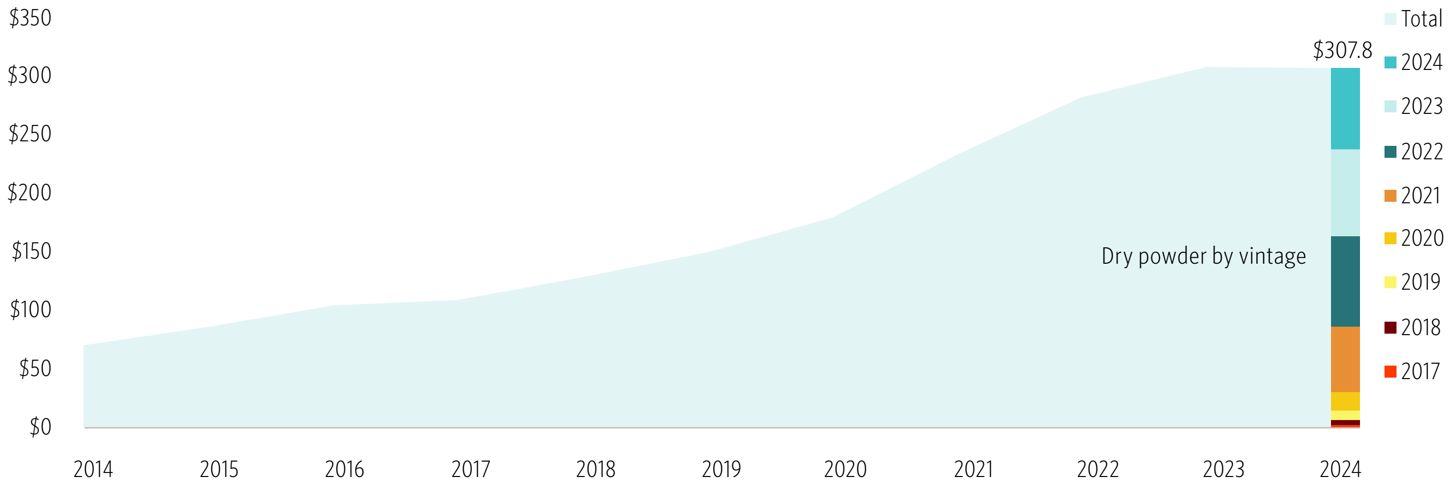
Established firms capturing more LP dollars than emerging managers is not new, but the gap widened considerably in 2024. Established firms raised 79.4% of the total capital raised in 2024, which is the highest concentration in the last decade. As a result, emerging managers without robust track records struggled. Over 1,000 funds were first established during the fundraising highs from 2020 to 2022, but VC's lackluster performance since then has left these managers in a tough position without large wins to bolster interest in their next fund. Sensing decreasing

Dry powder continues to grow

VC dry powder ($B)



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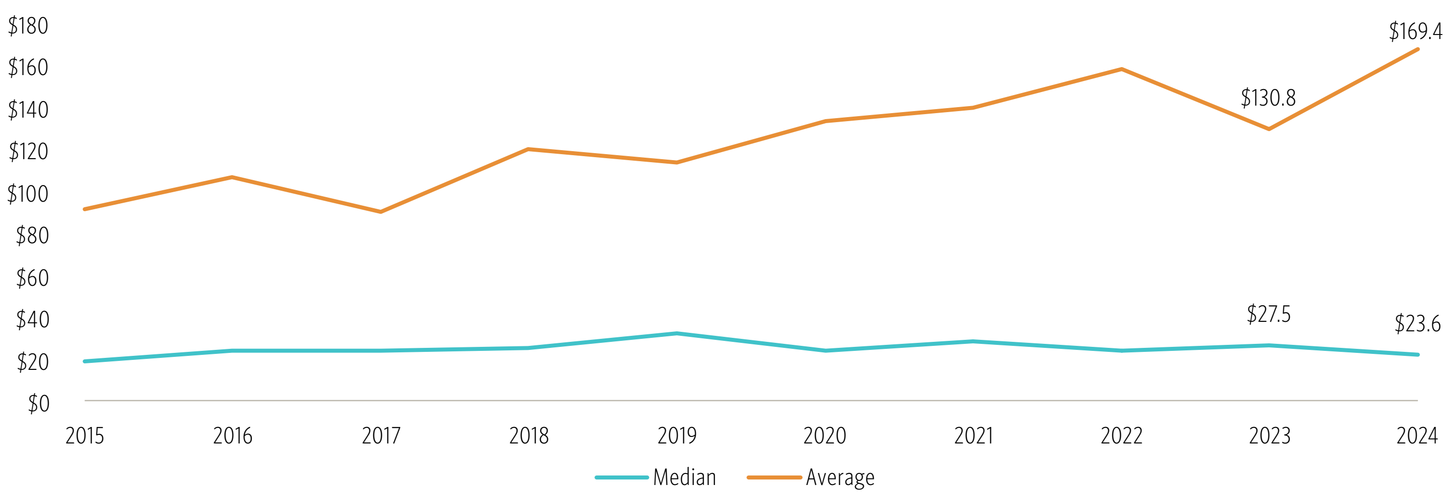
LP appetite, many firms have opted to delay fundraising in hopes that overall market conditions, investor sentiment, and their fund metrics will improve. This retreat of managers, especially from emerging firms, has reversed the trend of fund counts for the first time this decade. Historically, there have been consistently more emerging funds than established, but in 2024 the number of established funds was greater. This shift is amplified by the decade lows of first-time fundraising for both fund count and total capital with $5.2 billion raised across 103 funds in 2024, which is a steep drop from 2021 figures of $24.2 billion over 441 funds.

Venture funds across the board have emphasized that liquidity is their biggest hurdle to raising additional capital in 2025. Until exits occur, fundraising activity will remain relatively stagnant. However, positive macroeconomic indicators going into 2025, including lower interest rates and a potentially friendlier regulatory environment with a new FTC chair, mean that fundraising might see some relief. However, the dominance of established funds will continue until there is a greater and more consistent flow of dollars because LPs need to first recoup their deficit between capital calls and distributions from the last few years.

Large firms have dominated fundraising

Median and average VC capital raised ($M)



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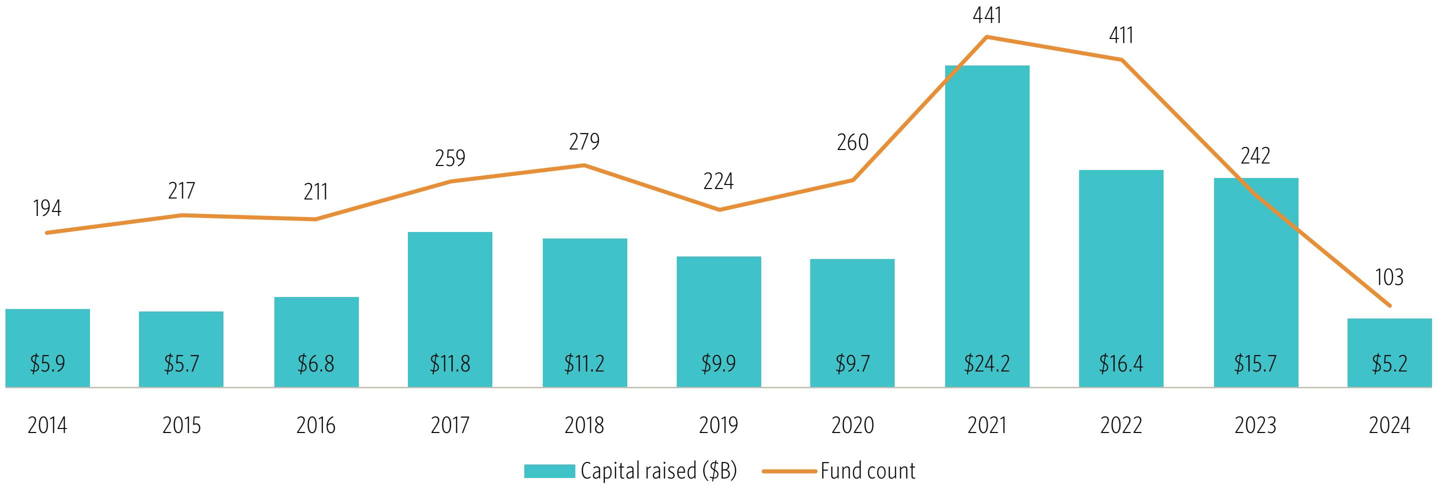
Steep drop in new firms

VC first-time fundraising activity



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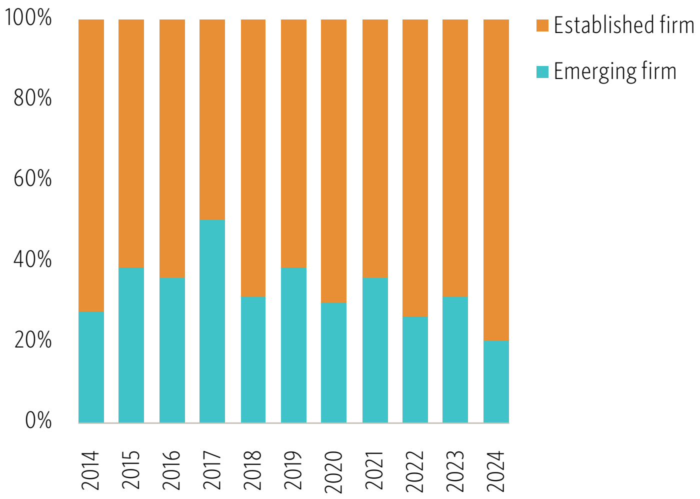
LPs have a strong preference for established, brand-name funds

Share of VC capital raised by manager experience



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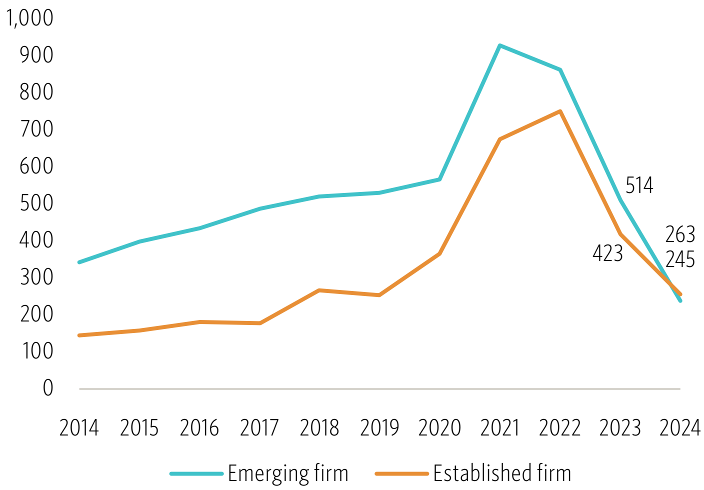
More established funds than emerging for the first time in a decade

Count of fund closures by manager experience



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Learn more

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Q4 2024 US league tables

*Most active investors pre-seed and seed**

1	SOSV	27
2	Y Combinator	26
3	Gaingels	23
3	Antler	23
5	Andreessen Horowitz	19
5	Alumni Ventures	19
7	Elevate Ventures	15
8	HAX	14
8	Abstract Ventures	14
10	Berkeley SkyDeck Fund	12
10	IndieBio	12
10	Sequoia Capital	12
10	General Catalyst	12
14	Triangle Tweener Fund	11
15	Soma Capital	10
15	Plug and Play Tech Center	10
17	8VC	9
17	FJ Labs	9
19	Impact Assets	8
19	Pioneer Fund	8
19	BoxGroup	8
22	Red Cedar Ventures	7
22	Climate Capital	7
24	Hack VC	6
24	Service Provider Capital	6
24	MH Ventures	6
24	500 Global	6
24	Collaborative Fund	6
29	HAX	23
29	Orange DAO	23
31	Pear (California)	22
31	SBXi	22
31	Hustle Fund	22
31	Connectiut Innovations	22
31	Abstract Ventures	22

PitchBook-NVCA Venture Monitor
As of December 31, 2024

*Most active investors early stage**

1	Y Combinator	19
1	Gaingels	19
3	Pioneer Fund	15
4	Andreessen Horowitz	14
5	Pear (California)	13
6	Impact Assets	11
6	GV	11
6	General Catalyst	11
6	Alumni Ventures	11
10	Lightspeed Venture Partners	10
11	Innovation Partnerships	9
11	Sequoia Capital	9
11	F-Prime Capital	9
11	FJ Labs	9
15	Comfy Capital	8
15	Team Ignite Ventures	8
17	CoreNest	7
17	Soma Capital	7
17	Mana Ventures	7
20	Spark Capital	6
20	SV Angel	6
20	Delphi Ventures	6
20	Rebel Fund	6
20	Michigan Rise	6
20	Protagonist	6
20	Khosla Ventures	6
20	Bloomberg Beta	6
20	ARCH Venture Partners	6
26	Rebel Fund	20
26	Index Ventures	20

PitchBook-NVCA Venture Monitor
As of December 31, 2024

*Most active investors late stage**

1	Gaingels	34
2	Impact Assets	17
3	Alumni Ventures	15
4	Andreessen Horowitz	13
5	Y Combinator	11
6	Innovation Partnerships	9
7	Samsung NEXT Ventures	8
7	Sequoia Capital	8
7	GV	8
7	General Catalyst	8
11	AJI Capital	7
11	Khosla Ventures	7
11	RA Capital Management	7
14	NVentures (Santa Clara)	6
14	Breakthrough Energy	6
14	Nvidia	6
14	SOSV	6
14	Mana Ventures	6
14	F-Prime Capital	6
20	S2G Investments	5
20	Zain S Hasan Charitable Remainder Trust	5
20	Toyota Ventures	5
20	Lightspeed Venture Partners	5
20	Valor Equity Partners	5
20	Founders Fund	5
20	Accel	5
20	Calm Ventures	5
20	B Capital Group	5
20	Bain Capital Ventures	5
20	Cisco Investments	5

PitchBook-NVCA Venture Monitor
As of December 31, 2024

*Most active investors growth stage**

1	Gaingels	7
2	Andreessen Horowitz	6
3	General Catalyst	4
3	2468 Ventures	4
3	Wellington Management	4
3	Insight Partners	4
7	Sequoia Capital	3
7	Energy Impact Partners	3
7	Tiger Global Management	3
7	Bessemer Venture Partners	3
7	Ontario Teachers' Pension Plan	3
7	GV	3
7	Thrive Capital	3
7	Coatue Management	3
7	Washington Harbour	3
7	Lightspeed Venture Partners	3
7	T. Rowe Price Group	3
7	Mana Ventures	3
7	Alumni Ventures	3
7	Octant Ventures	3
7	NTT Docomo Ventures	3

PitchBook-NVCA Venture Monitor
As of December 31, 2024

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2024 US league tables

*Most active investors pre-seed and seed**

1	Pioneer Fund	125
2	Gaingels	123
3	Y Combinator	102
4	Alumni Ventures	101
5	Antler	87
6	Sequoia Capital	72
7	SOSV	69
7	Andreessen Horowitz	69
9	Elevate Ventures	65
10	Precursor Ventures	59
11	Techstars	57
12	Everywhere Ventures	52
12	Soma Capital	52
14	Plug and Play Tech Center	44
15	Triangle Tweener Fund	43
15	Calm Ventures	43
17	South Park Commons	42
18	IndieBio	41
18	Climate Capital	41
20	General Catalyst	40
21	500 Global	36
22	Berkeley SkyDeck Fund	34
23	Liquid 2 Ventures	31
23	8VC	31
25	Service Provider Capital	26
25	Rebel Fund	26
25	FJ Labs	26
28	Neo (Consulting Services (B2B))	24
29	HAX	23
29	Orange DAO	23
31	Pear (California)	22
31	SBXi	22
31	Hustle Fund	22
31	Connecticut Innovations	22
31	Abstract Ventures	22

PitchBook-NVCA Venture Monitor
As of December 31, 2024

*Most active investors early stage**

1	Andreessen Horowitz	83
2	Soma Capital	82
3	Gaingels	81
4	Y Combinator	56
5	Alumni Ventures	52
6	Right Side Capital Management	50
7	Sequoia Capital	47
8	Impact Assets	46
9	General Catalyst	42
10	FJ Labs	40
11	SBXi	37
12	Lightspeed Venture Partners	32
13	Pear (California)	30
14	Pioneer Fund	29
14	BoxGroup	29
16	GV	28
17	Mana Ventures	27
18	MH Ventures	26
19	Khosla Ventures	25
19	Bessemer Venture Partners	25
21	F-Prime Capital	23
22	New Enterprise Associates	22
22	8VC	22
22	Accel	22
22	Calm Ventures	22
26	Bankless Ventures	20
26	Innovation Partnerships	20
26	E14 Fund	20
26	Rebel Fund	20
26	Index Ventures	20

PitchBook-NVCA Venture Monitor
As of December 31, 2024

*Most active investors late stage**

1	Gaingels	137
2	Alumni Ventures	70
3	Impact Assets	44
4	Mana Ventures	41
5	Sequoia Capital	34
6	Khosla Ventures	32
6	Andreessen Horowitz	32
8	General Catalyst	31
9	Y Combinator	30
10	Calm Ventures	29
11	FJ Labs	28
12	Techstars	25
12	Keiretsu Forum	25
14	SOSV	22
15	RA Capital Management	21
15	GV	21
17	Samsung NEXT Ventures	20
17	Michigan Rise	20
19	Keyhorse Capital	18
19	Plug and Play Tech Center	18
19	Lightspeed Venture Partners	18
19	Connecticut Innovations	18
23	Triangle Tweener Fund	17
23	F-Prime Capital	17
25	Ben Franklin Technology Partners of Southeastern Pennsylvania	16
25	AJI Capital	16
25	Insight Partners	16
28	New Enterprise Associates	15
28	Kleiner Perkins	15

PitchBook-NVCA Venture Monitor
As of December 31, 2024

*Most active investors growth stage**

1	Gaingels	24
2	Bossa Invest	22
3	MicroVentures	17
4	Andreessen Horowitz	15
5	General Catalyst	14
6	Mana Ventures	13
7	Sequoia Capital	11
8	Alumni Ventures	10
8	Calm Ventures	10
10	Lightspeed Venture Partners	9
10	Coatue Management	9
12	Stableton	8
12	3Spoke Capital	8
12	Impact Assets	8
12	Keiretsu Forum	8
12	FJ Labs	8
12	Accel	8
12	GV	8
19	Destiny (Financial Software)	7
19	2468 Ventures	7
19	IronArc Ventures	7
19	Connecticut Innovations	7
23	GIC Private	6
23	Thrive Capital	6
23	Wellington Management	6
23	Qualcomm Ventures	6
23	Nvidia	6
23	Riverside Ventures	6
23	Sands Capital	6
23	Khosla Ventures	6
23	Insight Partners	6
23	Energy Impact Partners	6
23	BlackRock	6

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Methodology

Deals

We include equity investments into startup companies from an outside source. Investment does not necessarily have to be taken from an institutional investor. This can include investment from individual angel investors, angel groups, seed funds, VC firms, corporate venture firms, corporate investors, and institutions, among others. Investments received as part of an accelerator program are not included; however, if the accelerator continues to invest in follow-on rounds, those further financings are included. All financings are of companies headquartered in the US, with any reference to "ecosystem" defined as the combined statistical area (CSA). We include deals that include partial debt and equity.

Pre-seed/seed: When the investors and/or press release state that a round is a pre-seed or seed financing, it is tagged as such. If the company is under two years old and the round is the first institutional investment in the company, the deal will be tagged as pre-seed unless otherwise stated. Regulatory filings under $10 million for deals where investors are unknown are classified as seed unless pre-seed parameters are met.

Early stage: Rounds are generally classified as Series A or B (which we typically aggregate together as early stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.

Late stage: Rounds are generally classified as Series C or D or later (which we typically aggregate together as late stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.

Venture growth: Rounds are generally classified as Series E or later either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including the age of the company, number of VC rounds, company status, participating investors, and more.

Nontraditional investors: "CVC" includes rounds executed by established CVC arms as well as direct equity investments by corporations into VC-backed companies. "PE" includes VC deals by investors whose primary classification is PE/buyout, growth, mezzanine or other private equity. "Crossover" investors are a subset of nontraditional investors—specifically asset managers, hedge funds, mutual funds, and sovereign wealth funds—that have been active in VC investment across any stage. They are referred to as crossover as these investors are likely to be participating at the late stages directly prior to an exit.

Venture debt: The venture debt dataset is inclusive of all types of debt products raised by VC-backed companies, regardless of the stage of company. In mixed equity and debt transactions, equity is excluded when the amount is of known value. Financings that are solely debt are included in this dataset, though not incorporated into the deal activity dataset used throughout the report. Mixed equity and debt transactions will be included in both datasets.

Exits

We include the first majority liquidity event for holders of equity securities of venture-backed companies. This includes events where there is a public market for the shares (IPO) or the acquisition of a majority of the equity by another entity (corporate or financial acquisition). This does not include secondary sales, further sales after the initial liquidity event, or bankruptcies. M&A value is based on reported or disclosed figures. IPO value is based on the pre-money valuation of the company at its IPO price. One slight methodology update is the categorical change from "IPO" to "public listings" to accommodate the different ways we track VC-backed companies' transitions to the public markets. To give readers a fuller picture of the companies that go public, this updated grouping includes IPOs, direct listings, and reverse mergers via SPACs.

To present a clearer picture of the true exit value of the market, we are implementing an extrapolation methodology for undisclosed M&A transactions. A majority of these deals have no value attached, leaving a void in the data we present as exit value. Though these deals are much smaller than the values we are able to collect, they do provide a substantial amount of value to the market, which we have been missing. This change will impact only transactions we collect as closed and will not be implemented on the estimated exit counts we previously introduced in our venture reports, though those exit count estimates will remain.

Fundraising

We define VC funds as pools of capital raised for the purpose of investing in the equity of startup companies. In addition to funds raised by traditional VC firms, PitchBook also includes funds raised by any institution with the primary intent stated above. Funds identifying as growth-stage vehicles are classified as PE funds and are not included in this report. A fund's location is determined by the country in which the fund's investment team is based; if that information is not explicitly known, the HQ country of the fund's general partner is used. Only funds based in the United States that have held their final close are included in the fundraising numbers. The entirety of a fund's committed capital is attributed to the year of the final close of the fund. Interim close amounts are not recorded in the year of the interim close.

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The PitchBook and National Venture Capital Association (NVCA) partnership utilizes the most accurate, most comprehensive data to advance the US venture capital community.

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