AngelList svb Silicon Valley Bank

THE STATE OF U.S. EARLY-STAGE VENTURE & STARTUPS: 2022

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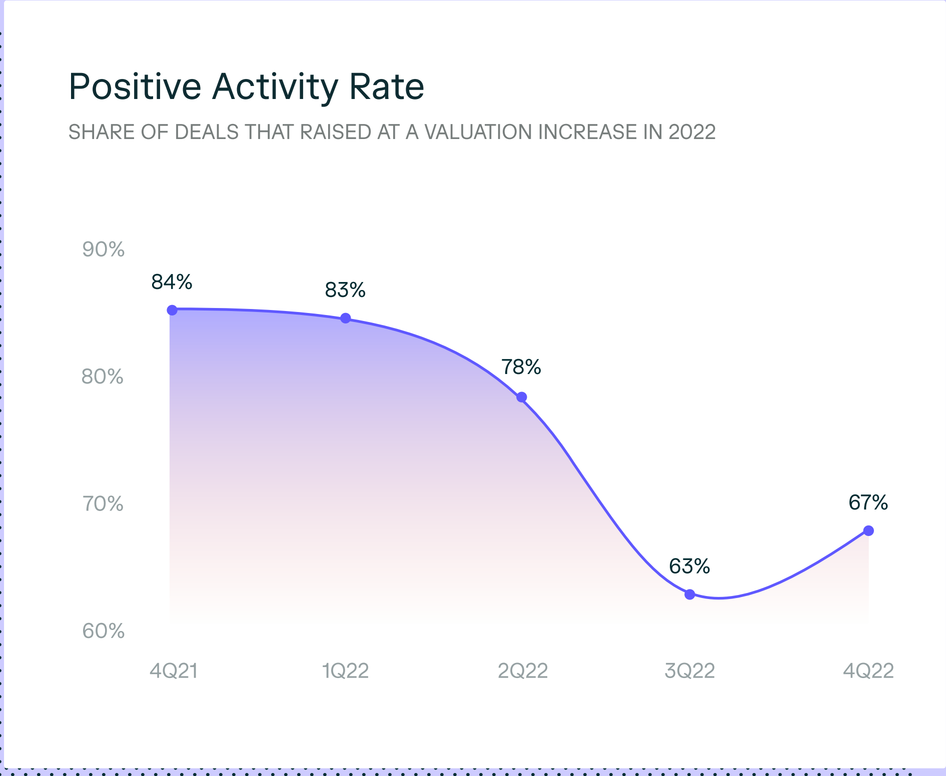
Venture Executive Summary



Early-stage venture performance saw a slow, and then sudden, decline in 2022. Following a historically great 2021, many anticipated a pullback in 2022 as macro headwinds materialized. However, early-stage venture performed reasonably well relative to the broader market in 1Q22 and 2Q22, with positive activity rates (share of deals that raised at a valuation increase) of 83% and 77.5% respectively. This level of performance would have been considered "typical" prior to the COVID bull run of 2020-2021.

In 3Q22, turbulence in the broader market trickled down to the early-stage market in a major way, with deal volume and positive activity dropping to levels not seen since the onset of the pandemic. While positive activity rebounded slightly in 4Q22, early-stage venture capital (VC) performance remained historically depressed at the end of 2022. Concerns of a downturn at the start of last year were fully realized.

Overall, **29%** of startups on AngelList raised a round or exited in 2022 (down from **34%** in 2021). **83%** of those startups saw their share price increase (i.e., "markup" or "exit up"). While this is only a **5 percentage point decline** from 2021's rate of **88%**, it obscures the severity of the pullback in the second half of 2022. The positive activity rate for startups that raised a round or exited in 4Q22 was **67%**, a **17 percentage point decline** from 4Q21's rate of **84%** (the best Q4 on record).

While the funding outlook for startups is becoming less favorable, valuations at the close of 2022 portend a more buyer-friendly market in 2023. In 4Q22, median seed-round valuations dipped below $20M for the first time all year, and Series B valuations showed a marked decline.

By market sector, fintech in 2022 captured the largest share of investment activity and capital deployed on AngelList, as investor enthusiasm for Web3 waned (Web3 startups captured the largest share of capital deployed in 2021). The outlook for female founders also dimmed somewhat, as AngelList data reveals they saw a lower share of deals and capital deployed compared to 2021.

Simple Agreements for Future Equity (SAFEs) continued to be the most popular investment vehicle on AngelList, with **56%** of deals utilizing them. However, the largest deals by capital deployed continued to be equity rounds. Lastly, AngelList continued its growth as a platform for later-stage financings. Nearly **28%** of deals on AngelList in 2022 happened at Series A or later, up from **20%** in 2020.

Measured by tenor and activity rates, 4Q22 was nearly identical to 2Q20, which at the time, we dubbed the "worst quarter ever" in our data. While the COVID recession quickly transformed into a boon for early-stage startups, the current outlook may suggest a longer road to recovery.

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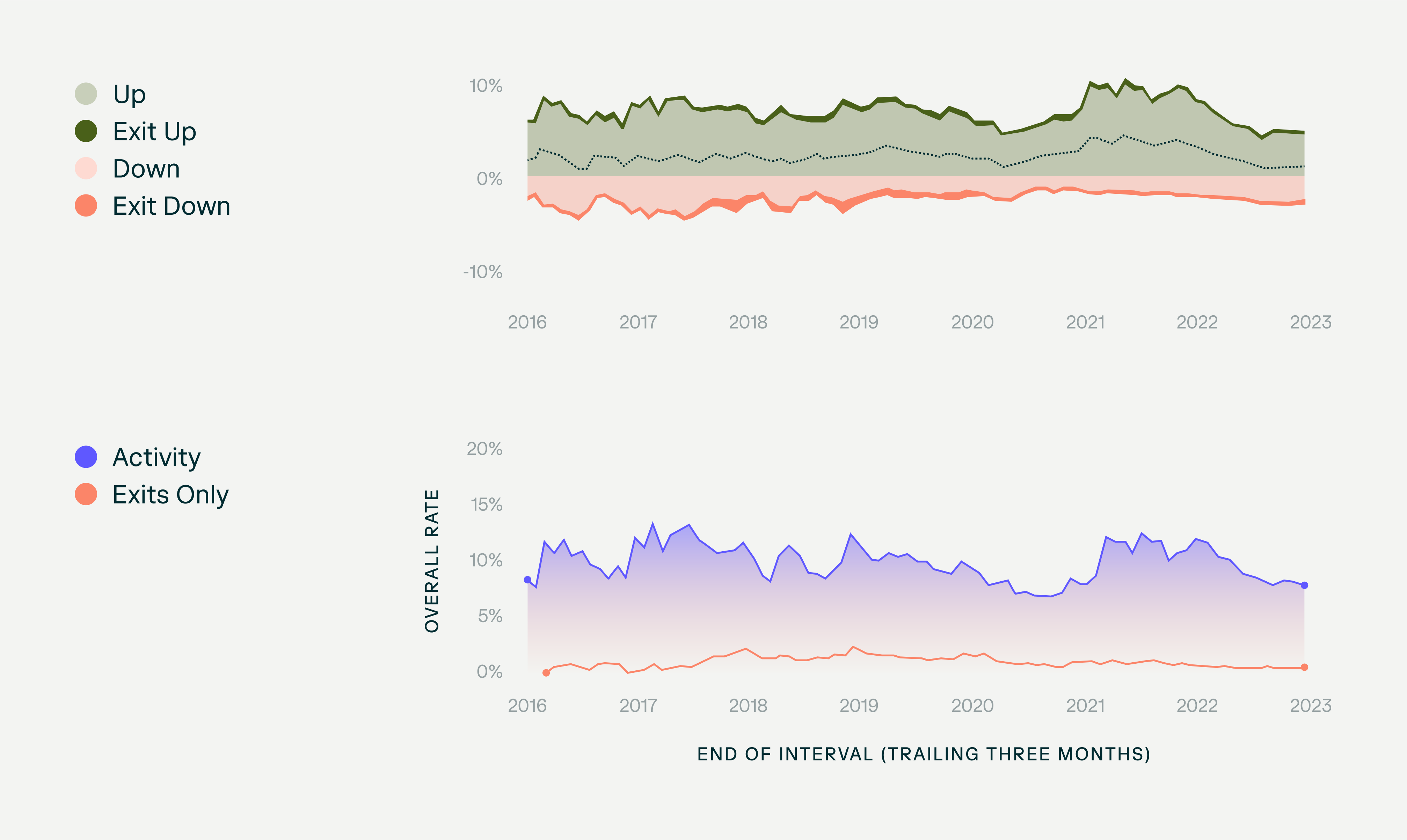
Markups



Source: AngelList

AngelList fund managers had seasoned investments into 11,666 active startups at the start of 4Q22, primarily at the seed and pre-seed stages. Of those startups, **7.4%** raised a round or exited in 4Q22. Of that activity, **67.1%** was positive, meaning the startup saw its share price increase. This represents a **3.6 percentage point increase** from 3Q22's rate of **63.4%**.

Overall, among active startups that have received an investment from AngelList fund managers, **4.9%** saw a share price increase in 4Q22 compared to their last fundraise, while **2.4%** saw a share price decrease (i.e., "marked down").

While early-stage VC performance ended 2022 with a slight bounce back, activity and tenor remain sharply off historical "typical" activity and far from the level of performance just one year ago.

The markup rate for 2022 as a whole came in at **83%**—five points lower than 2021's rate of **88%**. While 83% would be considered a good rate by historical standards, it distracts from the severity of decline in positive venture activity in the latter half of 2022. The positive activity rate for early-stage startups **declined by 17 percentage points** between 1Q22 and 4Q22.

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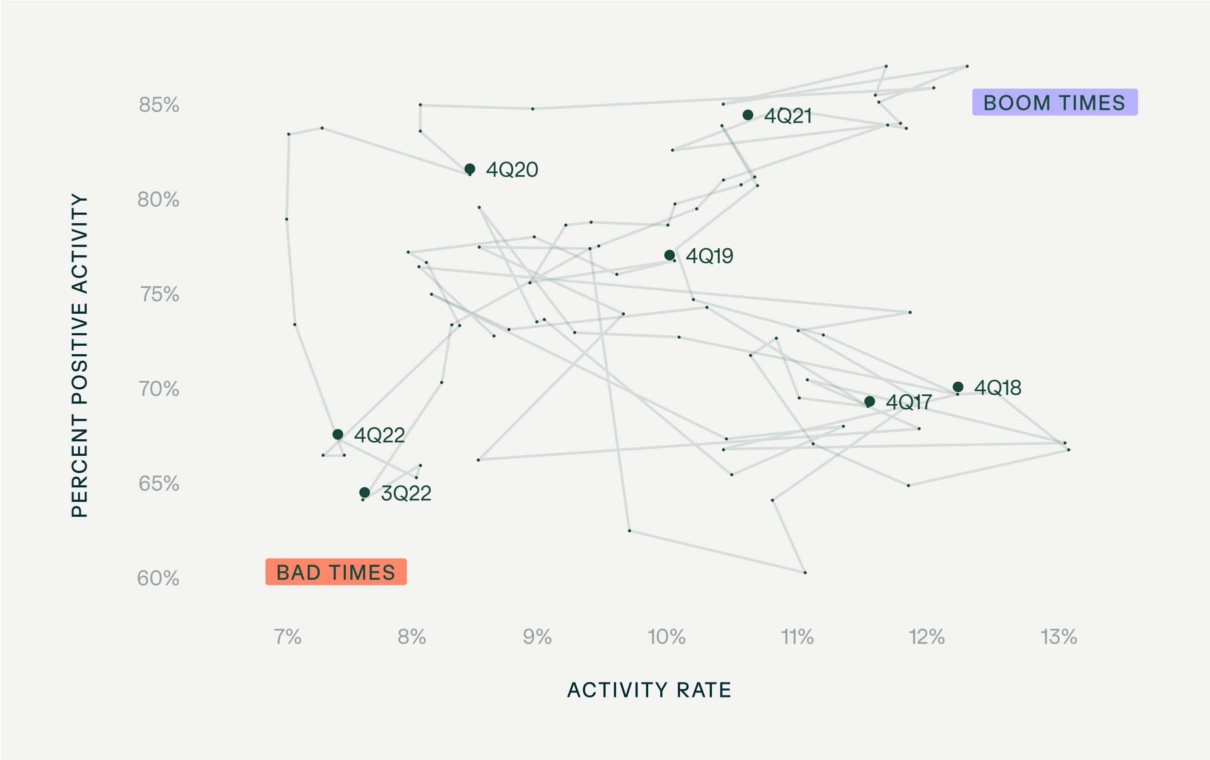
Rate of Activity

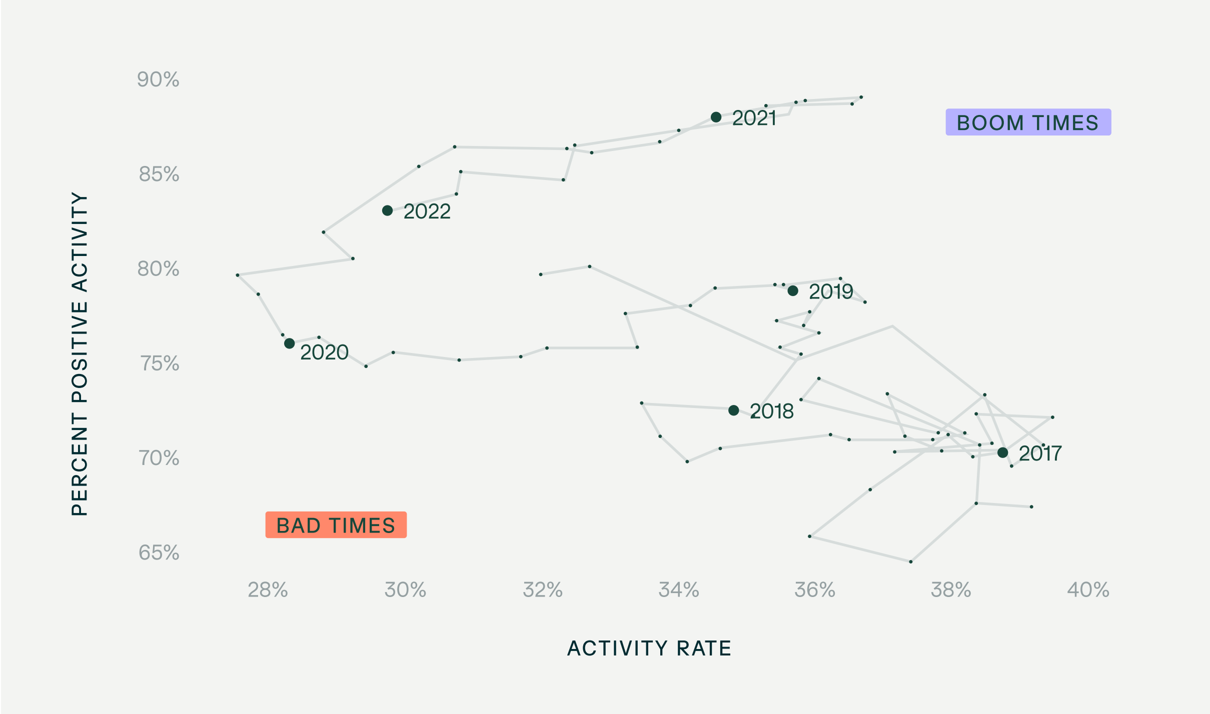
Quarter-Over-Quarter



Source: AngelList

7.4% of startups raised a round or exited in 4Q22, which is slightly lower than 3Q22's rate, making it one of the least active quarters by deal volume on record. While positive activity saw a slight uptick over 3Q22, it has fallen considerably from where early-stage venture started the year.

Year-Over-Year



Source: AngelList

29% of startups on AngelList raised a round or exited in 2022 (including **7.4%** in 4Q22). This is slightly higher than 2020's rate of **28%**, but off from last year's mark of **34%**, and trending further away from 2019's mark of **36%**.

Again, while 2022 appears to have outperformed pre-pandemic vintages by way of positive activity, the annualized positive activity rate of **83%** distorts the severity of decline in the latter half of the year.

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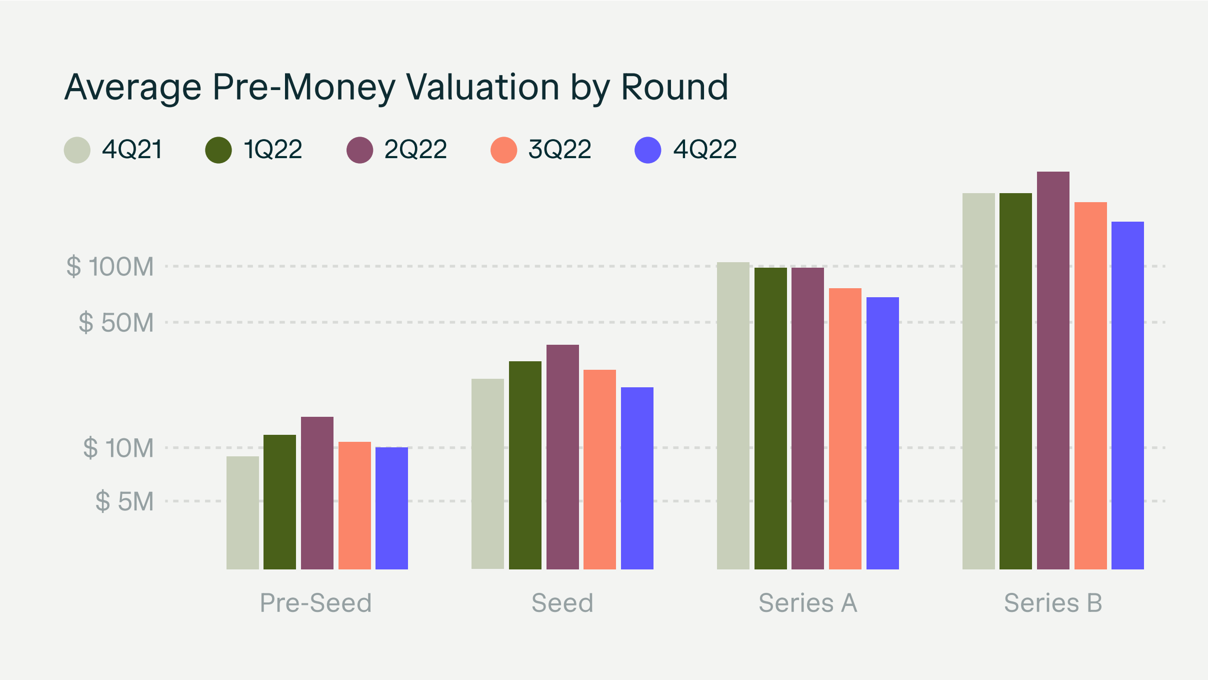
Average Valuation

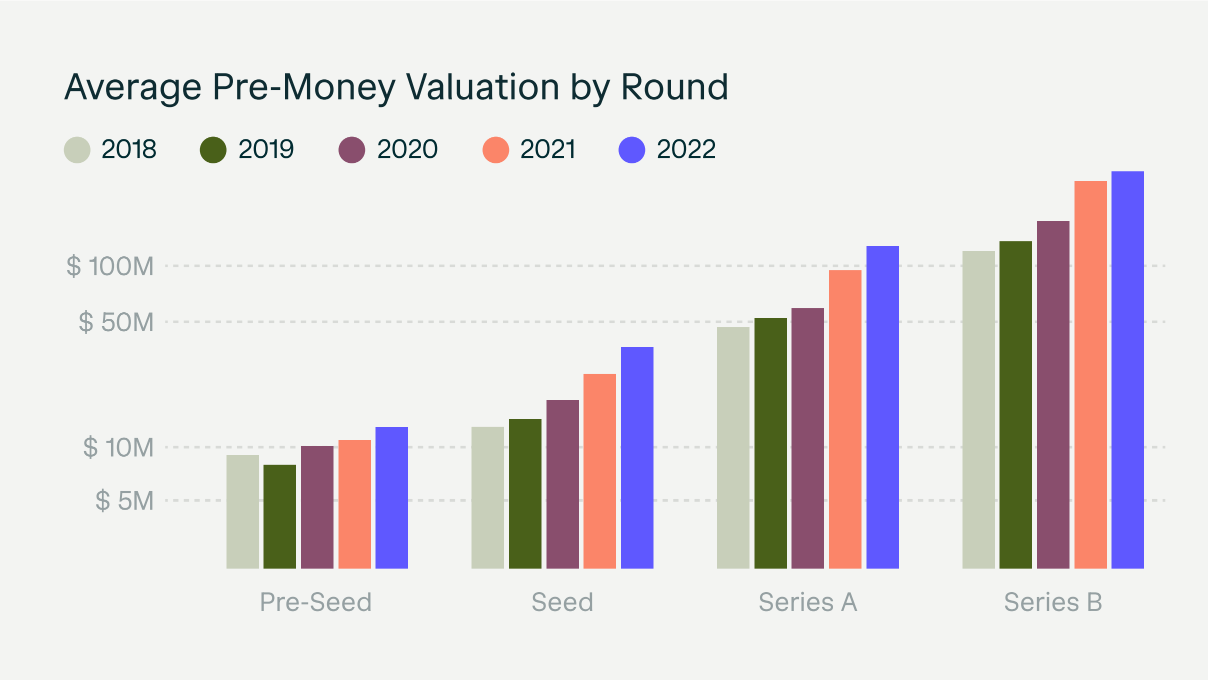
Quarter-Over-Quarter



Source: AngelList

In 4Q22, average valuations for early-stage startups declined at every funding stage. Overall, pre-seed valuations declined by roughly **3.9%** from 3Q22 to **$9.8M**. Average seed-stage valuations declined by **13.9%** to **$24M**, average Series A valuations declined by **9.6%** to **$77.5M**, and Series B valuations declined by **20.8%** to **$224.9M**.

Year-Over-Year



Source: AngelList

Year-over-year, average valuations increased at all stages in 2022. While reports indicate VCs are scaling back round sizes as capital becomes more expensive, this factor does not yet appear to have materialized in the valuation data.

Compared to 2021, pre-seed valuations grew by **18.8%** in 2022 to **$11M**. Seed-stage valuations grew by **43.7%** to **$30.6M**, Series A valuations grew by **21.3%** to **$104.3M**, and Series B valuations grew by **9.7%** to **$340.8M**.

⚠ Note: Average valuations can be skewed by outliers.

Median Valuation

Quarter-Over-Quarter

	1Q22	2Q22	3Q22	4Q22
Pre-Seed	$10M	$10M	$10M	$10M
Seed	$20M	$20M	$20M	$18M
Series A	$66M	$70M	$50M	$50M
Series B	$250M	$235M	$175M	$125M

Source: AngelList

Median valuations continued to decline in 4Q22, with seed-stage valuations dipping below **$20M** for the first time in 2022. While pre-seed and Series A valuations held, median Series B valuations fell by over **28%** to **$125M**, indicating the struggles that later-stage companies are having raising in the current market.

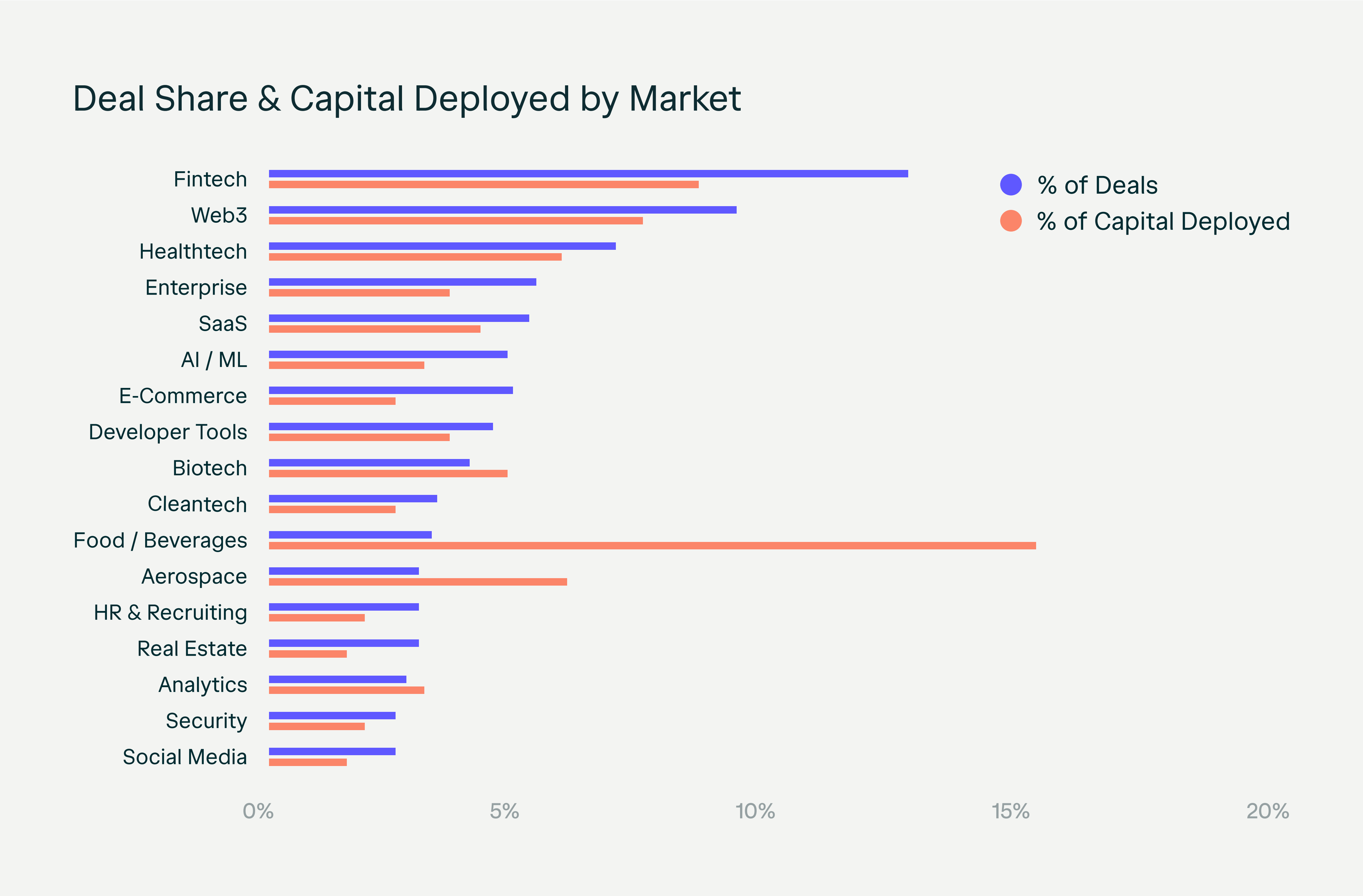
Year-Over-Year

	2018	2019	2020	2021	2022
Pre-Seed	$6.25M	$5M	$6M	$8M	$10M
Seed	$8.5M	$10M	$10M	$15M	$20M
Series A	$27M	$27M	$32M	$60M	$60M
Series B	$72.5M	$85M	$86M	$200M	$200M

Source: AngelList

Annual median valuations for early-stage startups mostly grew in 2022, despite VC belt-tightening in the latter half of the year. Median pre-seed valuations grew by **20%** to **$10M**, seed-stage valuations grew by **25%** to **$20M**, while Series A and B valuations remained flat.

Early-Stage VC by Market 4Q22



Source: AngelList

4Q22's market data presented an interesting outlier, as startups in the food / beverage sector captured a whopping **15.1% of all capital deployed**—the largest share of all observed sectors. Upon further analysis, we found this number to be inflated by a large investment in startup water company Liquid Death.

Food / beverage startup fundraises captured only **3.1% of deal share**, well behind fintech (**11.9%**), Web3 (**9.6%**), and healthtech (**6.6%**). These three sectors also captured the most capital deployed after food / beverage.

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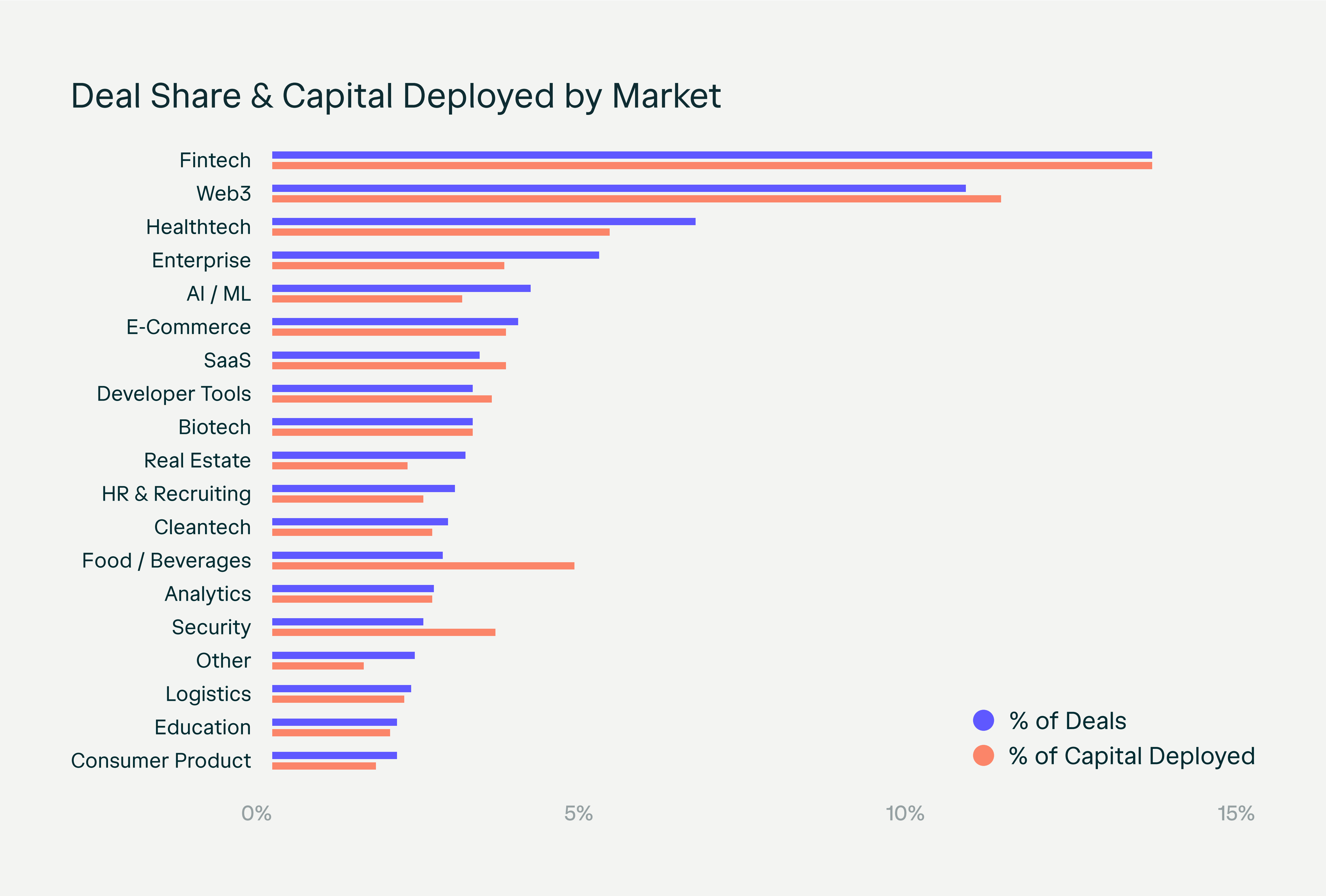
Early-Stage VC by Market 2022



Source: AngelList

The annualized data mostly mirrors what we've seen quarter-over-quarter in 2022. **13.3%** of all deals on AngelList in 2022 involved a fintech startup, and **13.3%** of all capital deployed on AngelList in 2022 went to a fintech startup. Web3 was the second most popular sector, with rates of **9.6%** and **7.2%** respectively, followed by health tech, with rates of **6.7%** and **5.4%** respectively.

Overall, 30 unique sectors captured at least **1%** of deal share on AngelList in 2022, and 29 sectors captured at least **1%** of capital deployed.

For a historical perspective, let's look at a breakdown of the top five most popular sectors for investors on AngelList over the last five years by both deal share and capital deployed.

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Early-Stage VC by Market

Most Popular Sectors on AngelList by Dealshare YoY

#	2018	2019	2020	2021	2022
1	Biotech	Dev Tools	Fintech	Fintech	Fintech
2	SaaS	Fintech	Biotech	Healthtech	Web3
3	Enterprise	Enterprise	SaaS	Web3	Healthtech
4	Fintech	Healttech	Healthtech	Biotech	Enterprise
5	Healthtech	Travel	Dev Tools	AI / ML	AI / ML

Source: AngelList

Most Popular Sectors on AngelList by Share of Capital Deployed YoY

#	2018	2019	2020	2021	2022
1	Biotech	Transportation	Fintech	Web3	Fintech
2	Transportation	Dev Tools	Healthtech	Fintech	Web3
3	SaaS	Fintech	Biotech	AI / ML	Healthtech
4	Healthtech	Healthtech	SaaS	Biotech	SaaS
5	Fintech	Productivity Tools	Real Estate	E-Commerce	E-Commerce

Source: AngelList

The most notable year-over-year trend is fintech regaining its place over Web3 as the sector that captured the most deployed capital in 2022. Web3's woes have been well-documented in 2022, but Web3's staying power among the most popular sectors on AngelList might signal long-term bullishness by investors for blockchain technologies.

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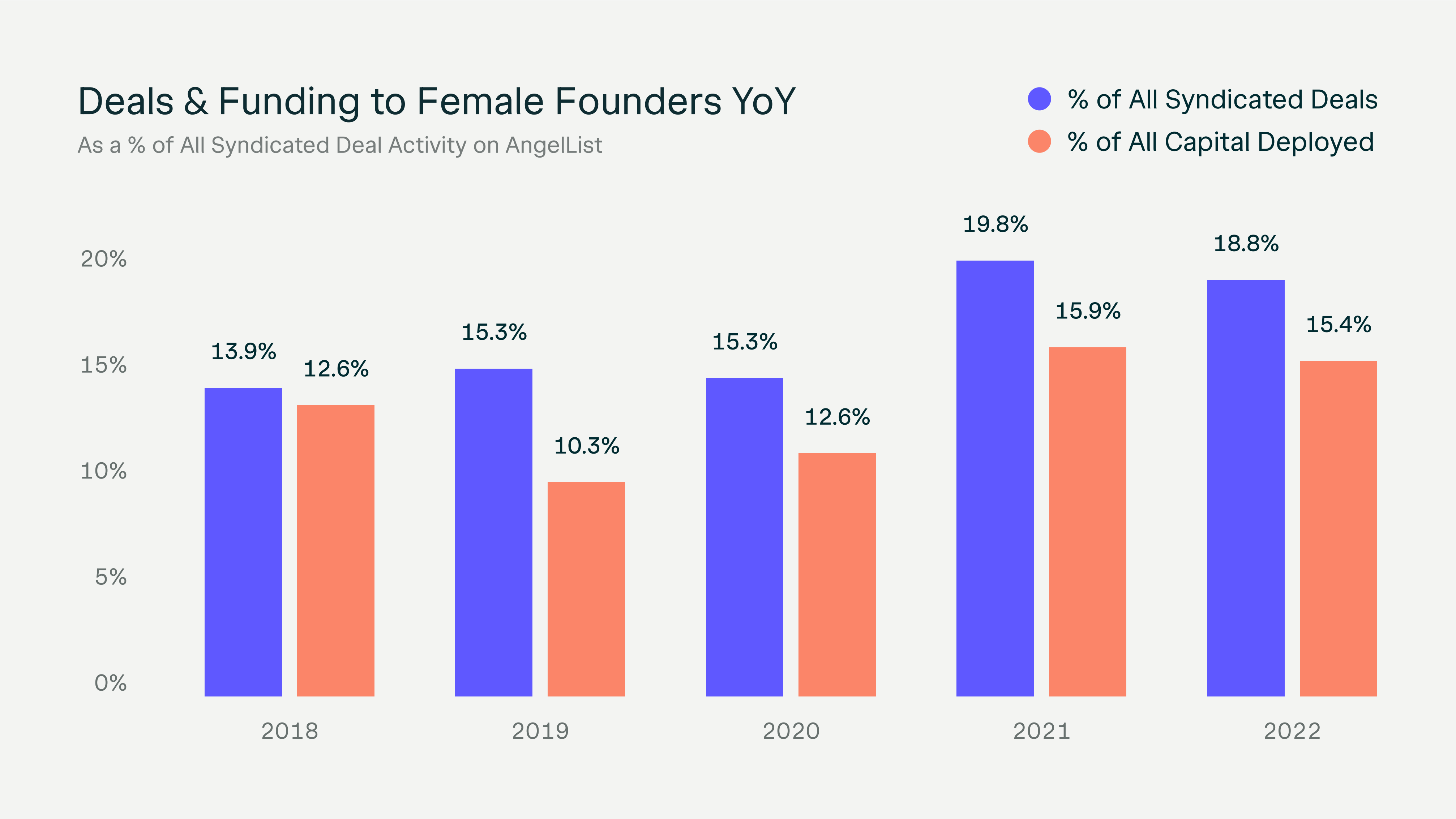
Funding to Female Founders



Source: AngelList

Funding to female founders dipped slightly in 2022, but performed better than it had in the three years prior. Overall, the share of deals involving a female founder dropped by **0.98 percentage points** over the previous year, while the share of capital deployed declined by **0.51 percentage points**.

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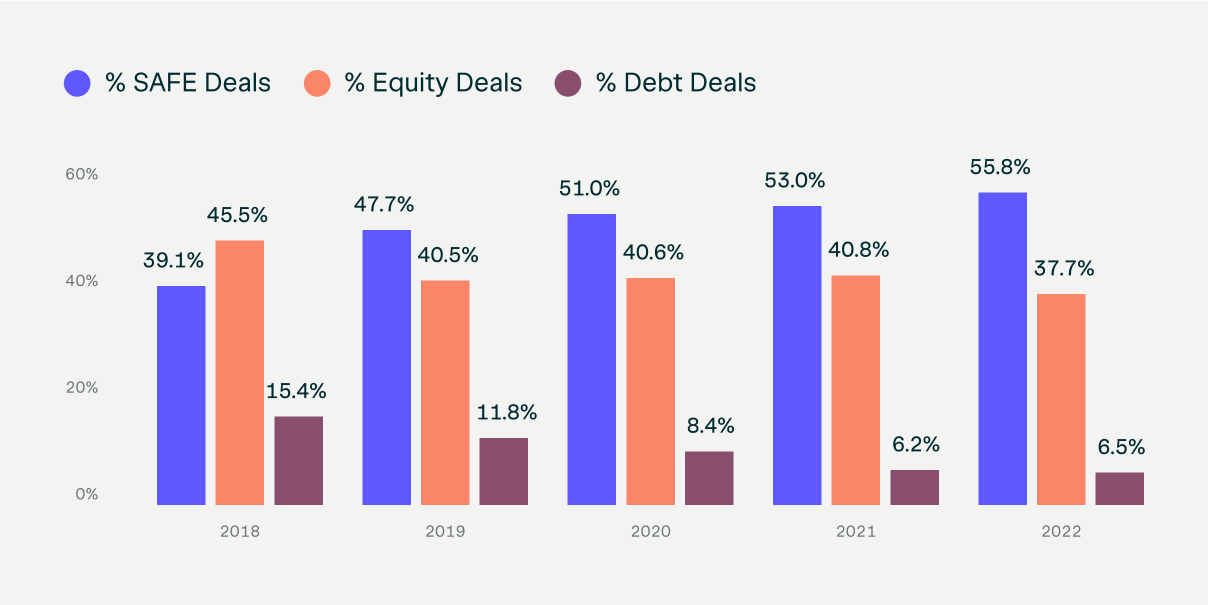
Deals by Instrument

Deals by Instrument YoY

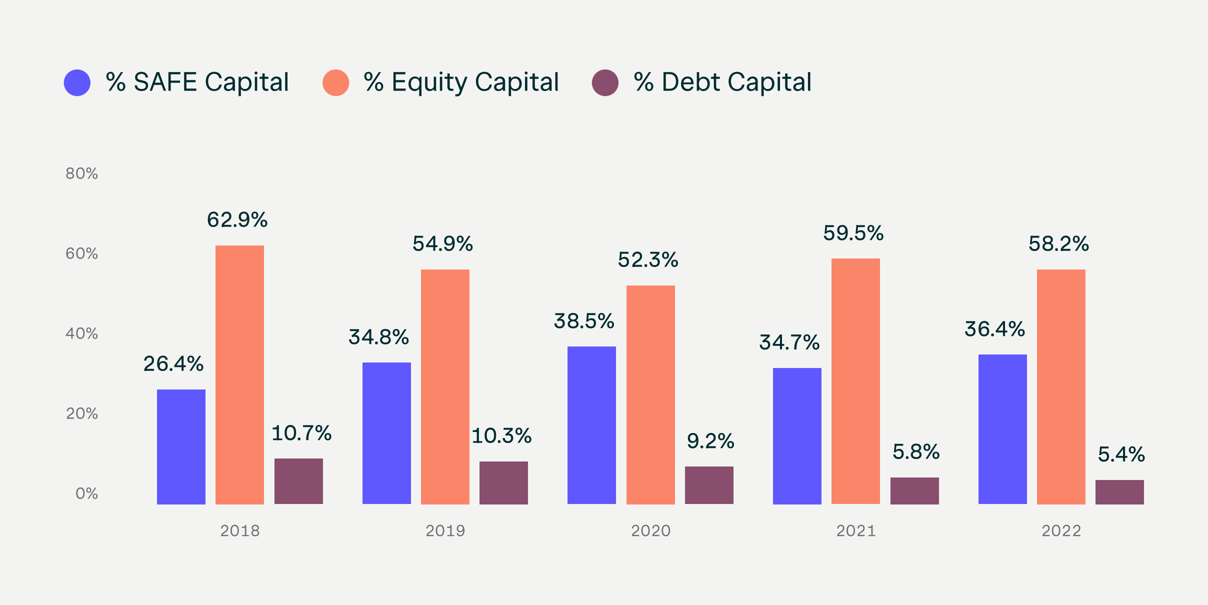


Source: AngelList

Over the past few years, SAFEs have become the preferred investment instrument for most deals on AngelList. More than 70% of deals on AngelList occur at the earlier stages, and SAFE rounds are generally quicker to close and more cost-effective for early-stage founders given the standardization of documents and the ability to forgo determining a valuation.

The prominence of SAFEs continued to grow in 2022, with nearly **56%** of deals on AngelList utilizing a SAFE—up almost **3 percentage points** from the previous year. By contrast, the share of equity deals on AngelList declined in 2022, despite an increasing number of deals on the platform occurring at later-stage.

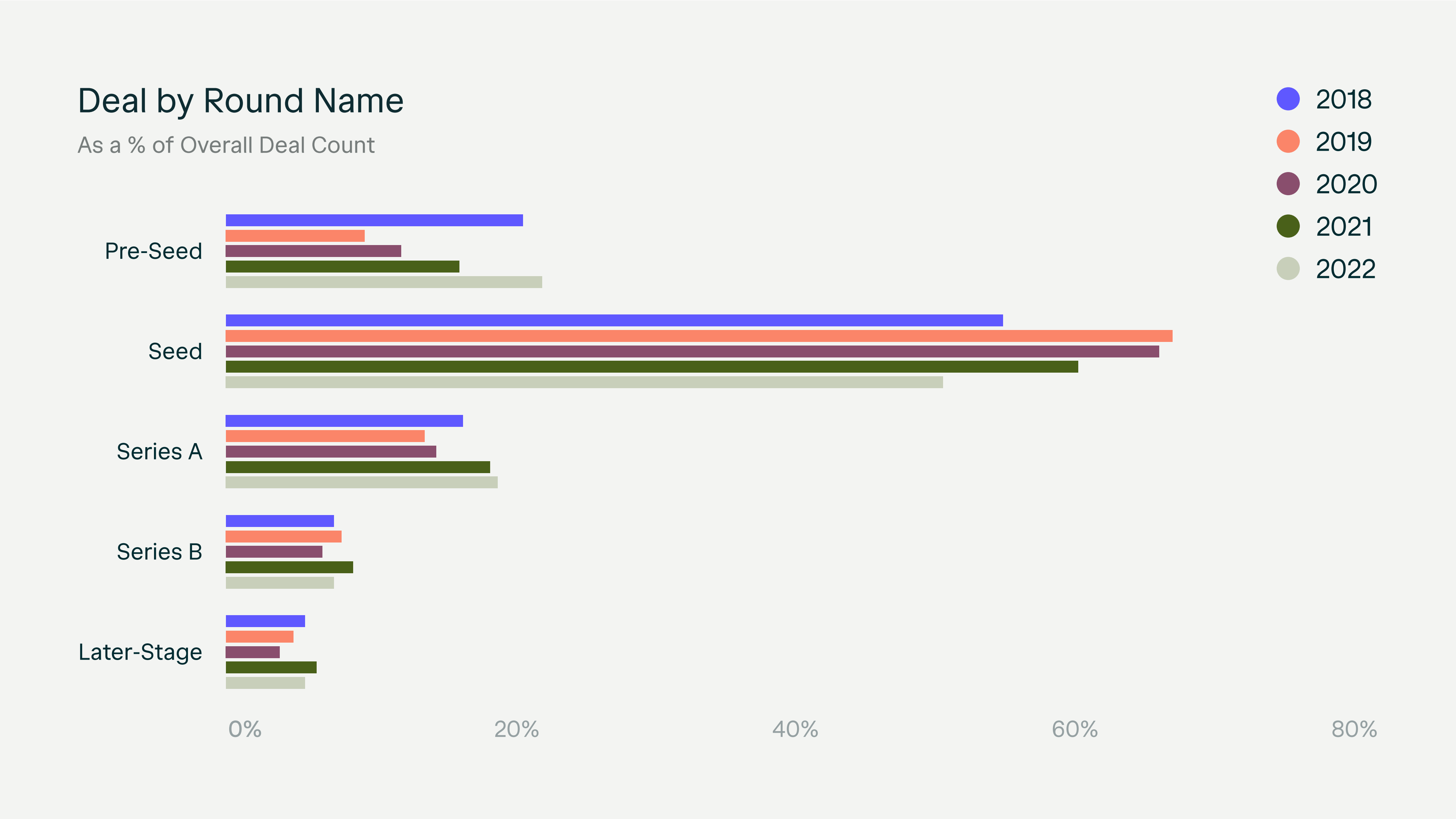
Capital Deployed by Instrument



Source: AngelList

While SAFEs remain the preferred investment instrument at early-stage, a majority of equity rounds occur at the later-stages. Hence, equity rounds captured **58.2%** of all capital deployed in 2022. This is a modest decline from last year's rate of **59.5%**, & speaks to the growing prominence of SAFE deals on AngelList—which increased its capital deployed share by **1.9%**.

Deal Share by Round Name



Source: AngelList

AngelList continued to grow as a platform for later-stage investments in 2022. **28%** of all deals on AngelList in 2022 occurred at Series A or later, compared to **27%** in 2021 and **20%** in 2020.

Notably, the share of seed-stage deals on platform declined by over **9 percentage points** in 2022, while the share of pre-seed and Series A deals grew by **8** and **1 percentage points** respectively.

STARTUP SPEND

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Across the early-stage market, overall startup spend peaked in 2Q22 and has been mostly declining across all observed sectors since. Between 2Q22 and 3Q22, median spend across all sectors **declined 2%,** and between 3Q22 and 4Q22, spend **declined 1%**. Cutting back on spend to conserve runway aligns with guidance touted by top investors during the recent downturn.

Median payroll spend across all sectors **increased 2%** between 3Q22 and 4Q22, reversing from the **2% decline** observed between 2Q22 and 3Q22. This could signify cautious optimism, spending increases to cover year-end bonuses or severance payments, or a combination of multiple factors.

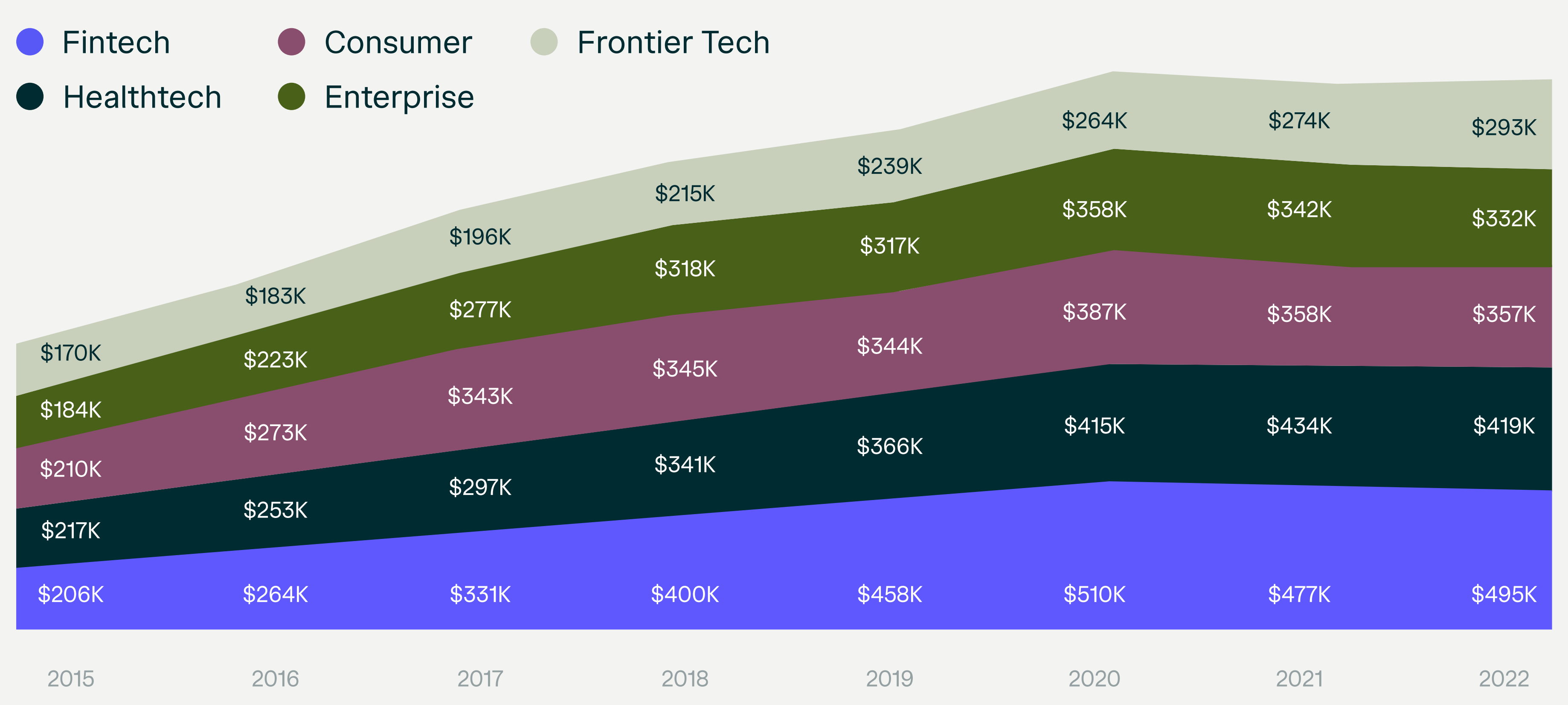
Median revenue growth between the first and second half of 2022 was **11%**, partly due to growth in the consumer and enterprise sectors. Healthtech median revenue was flat, and fintech and frontier tech median revenue declined.

For our 2022 retrospective, we reviewed the top 10 vendors used by early-stage companies for advertising, payroll, computing, and operations. The ranks tell a story of shifting trends in social media and the future of work. In 2022, TikTok rose in rank from #7 to #6 for advertising spend. Fiverr and Upwork, respectively holding the #3 and #4 spots for payroll, indicate that early-stage companies are seeking flexibility around hiring.

Finally, we explored dry powder available in the venture ecosystem—specifically funds with a primary investment region focus on North America. Dry powder refers to cash that has been committed by investors (referred to as Limited Partners or "LPs") but has yet to be "called," which happens when fund managers deploy the capital to a specific investment. In 2022, we saw a record **$289B** of dry powder in the ecosystem, with **$117B** committed to funds focused on early-stage.

● STARTUP SPEND

Median Quarterly Total Spend by Sector



Source: Silicon Valley Bank (SVB) proprietary data and analysis

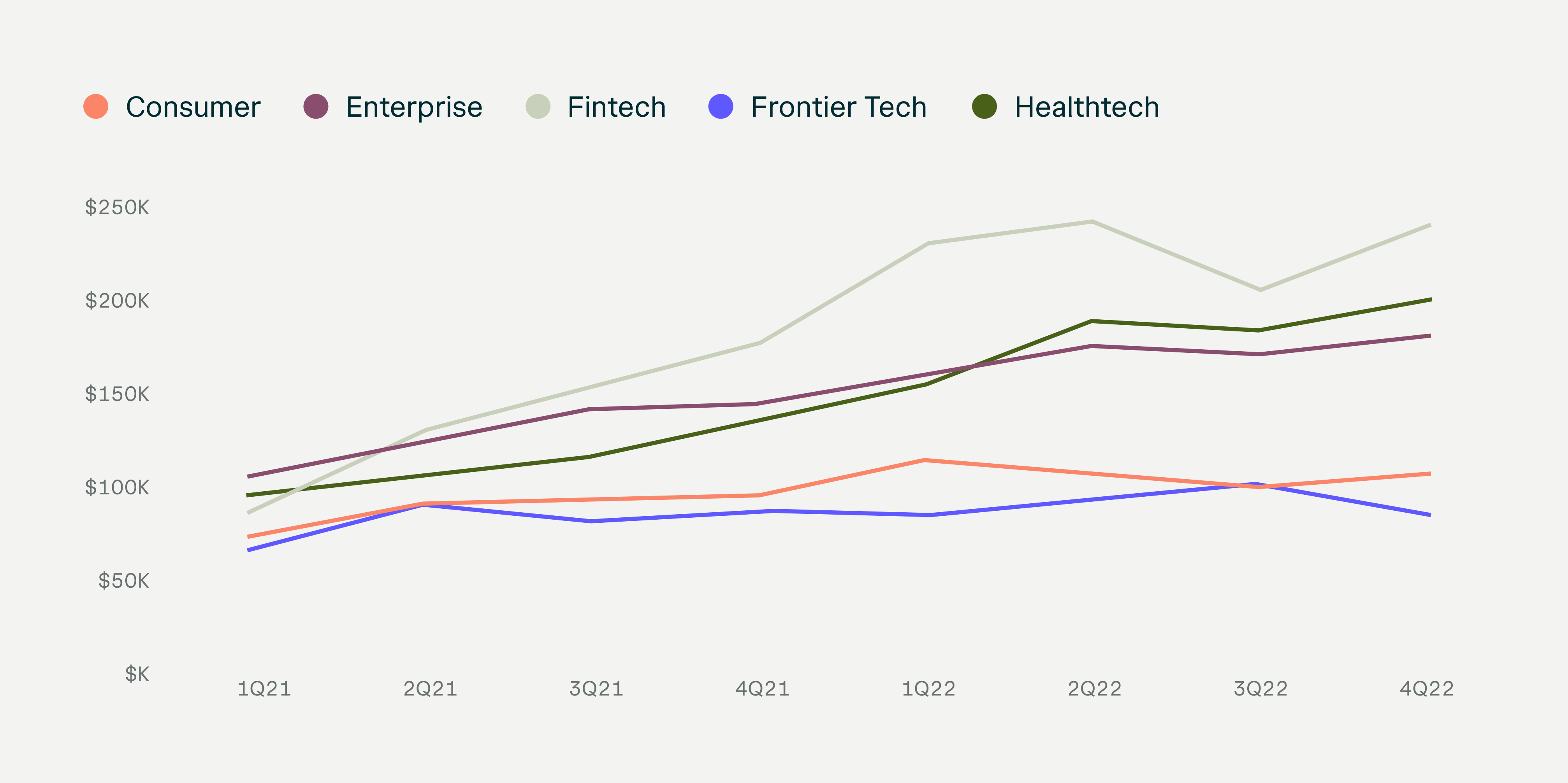
Early-stage startup spend across all sectors **decreased by 1%** over the previous quarter. This is actually an improvement on the **2% decline** in spend we observed in 3Q22.

Consumer companies saw quarter-over-quarter (QoQ) median spend flatten, changing **0%** between 3Q22 and 4Q22. However, spend is still up **4%** year-over-year (YoY). Fintech companies saw QoQ median spend increase **4%** between 3Q22 and 4Q22 and increase **50%** YoY. Enterprise companies saw QoQ median spend decline **3%** between 3Q22 and 4Q22 but increase **20%** YoY. Healthtech companies saw QoQ median spend decline **3%** between 3Q22 and 4Q22 but increase **41%** YoY. Frontier tech companies saw QoQ median spend increase **7%** between 3Q22 and 4Q22 and **49%** YoY.

⚠ Each sector cohort is compiled of U.S. pre-Series A technology and healthcare companies founded between 2018 and 2020 that have payroll spend of at least $1k per quarter. Payroll spend reflects W-2 paychecks for full-time workers, as well as consultants. Payroll does not include equity compensation and other non-cash benefits.

STARTUP SPEND

Median Quarterly Payroll Spend by Sector

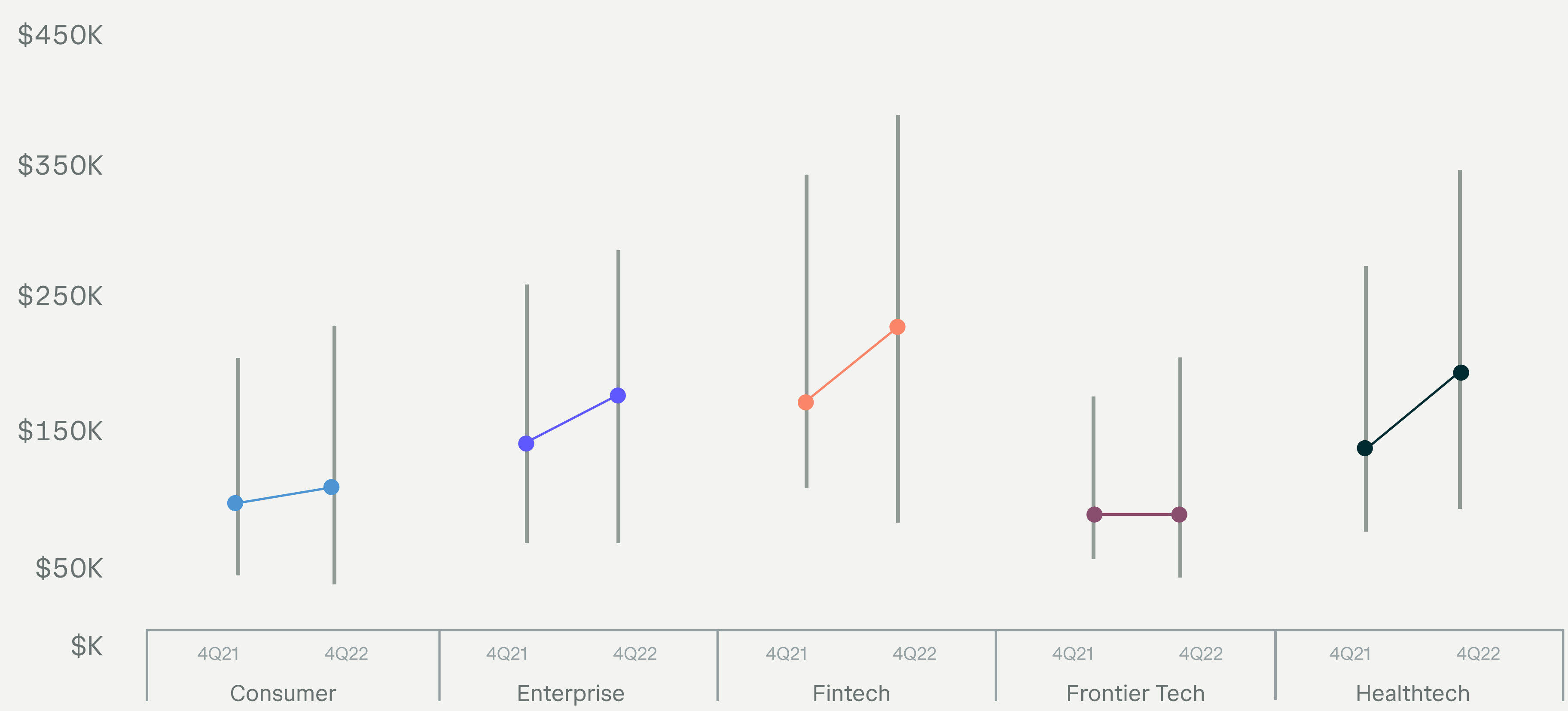


Source: SVB proprietary data and analysis

By sector, consumer payroll is up **7%** in 4Q22 and **11%** YoY. Fintech companies saw QoQ payroll spend increase **16%**, regaining ground after a drop in 3Q22. Fintech payroll spend is up **35%** YoY. Enterprise companies saw payroll spend increase **5%** QoQ and **25%** YoY. Healthtech companies saw payroll spend increase by **8%** QoQ and **44%** YoY. Frontier tech was the only sector that saw a payroll spend decline in 4Q22, going down **15%** QoQ and **2%** YoY.

⚠ Each sector cohort is compiled of U.S. pre-Series A technology and healthcare companies founded between 2018 and 2020 that have payroll spend of at least $1k per quarter. Payroll spend reflects W-2 paychecks for full-time workers as well as consultants. Payroll does not include equity compensation and other non-cash benefits.

Payroll Spend Range by Sector



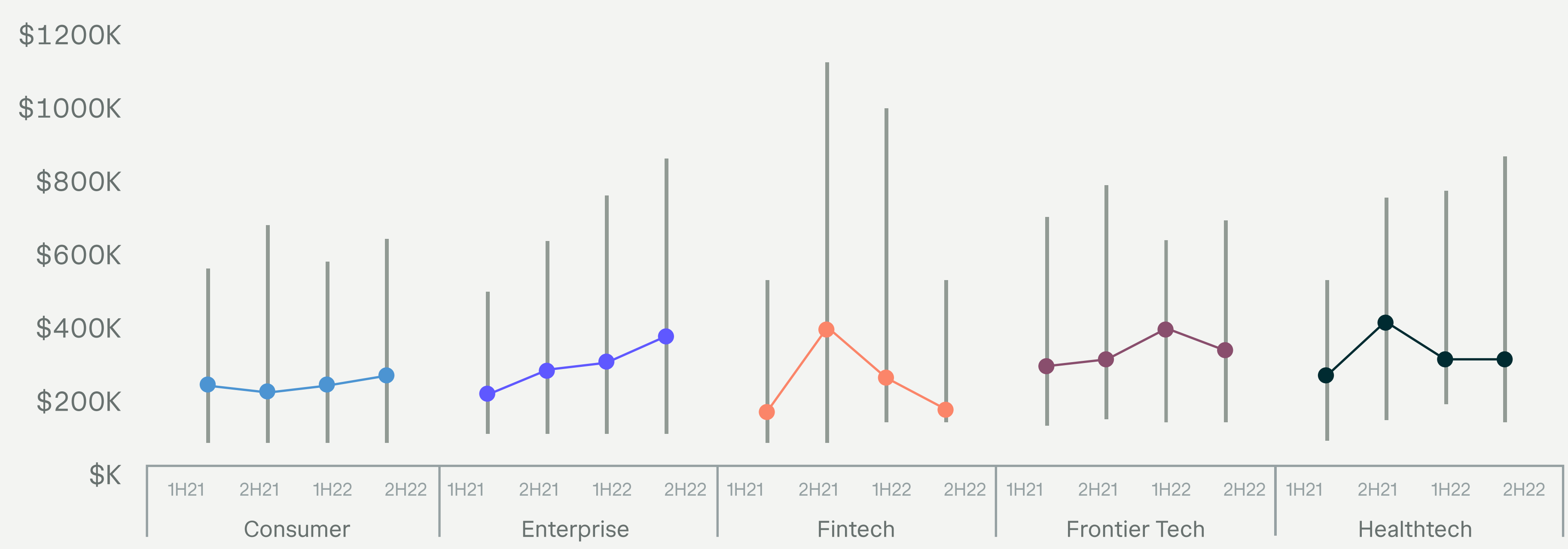
Source: SVB proprietary data and analysis

To understand YoY changes in payroll spend ranges, we analyzed the lower bound (25th percentile), median (50th percentile), and upper bound (75th percentile) of payroll spend amongst startups in our five sector cohorts in 4Q21 and 4Q22. Year over year, the upper bounds increased in all sectors and the lower bounds increased for enterprise and healthtech. For enterprise companies, the 25th percentile increased from **$68k** to **$69k**, and the 25th percentile for healthtech increased from **$72k** to **$96k**. In 4Q22, the difference between the upper and lower bound in fintech payroll was **$306k**. This is the widest range of all sectors observed and the largest increase in range YoY.

Each sector cohort is compiled of U.S. pre-Series A technology and healthcare companies founded between 2018 and 2020 that have payroll spend of at least $1k per quarter. Payroll spend reflects W-2 paychecks for full-time workers as well as consultants. Payroll does not include equity compensation and other non-cash benefits.

● STARTUP SPEND

Revenue Range by Sector



Source: SVB proprietary data and analysis

To track shifts in revenue, we analyzed the lower bound (25th percentile), median (50th percentile), and upper bound (75th percentile) of revenues generated by startups in our five sector cohorts over the past two years. Given these companies are early-stage, many have inconsistent cash flow, and some are even pre-revenue. For the purpose of this analysis, we looked at companies with at least $1k of revenue per quarter.

In 2H22, enterprise company revenue spanned **$739k** between the upper and lower bounds. This was the widest range observed. Enterprise companies also had the highest median revenue for the second half of 2022 at **$368k**.

In 2H22, revenue growth was mixed. Enterprise companies saw **26%** growth, and consumer companies saw **12%** growth. Healthtech revenues remained flat. Fintech and frontier tech revenue growth declined by **35%** and **14%** respectively.

Note that early-stage companies often have inconsistent cash flow.

⚠ Each sector cohort is compiled of U.S. pre-Series A technology and healthcare companies founded between 2018 and 2020 that have payroll spend of at least $1k per quarter. Payroll spend reflects W-2 paychecks for full-time workers as well as consultants. Payroll does not include equity compensation and other non-cash benefits.

STARTUP SPEND

Top 10 Vendors Per Spend Category

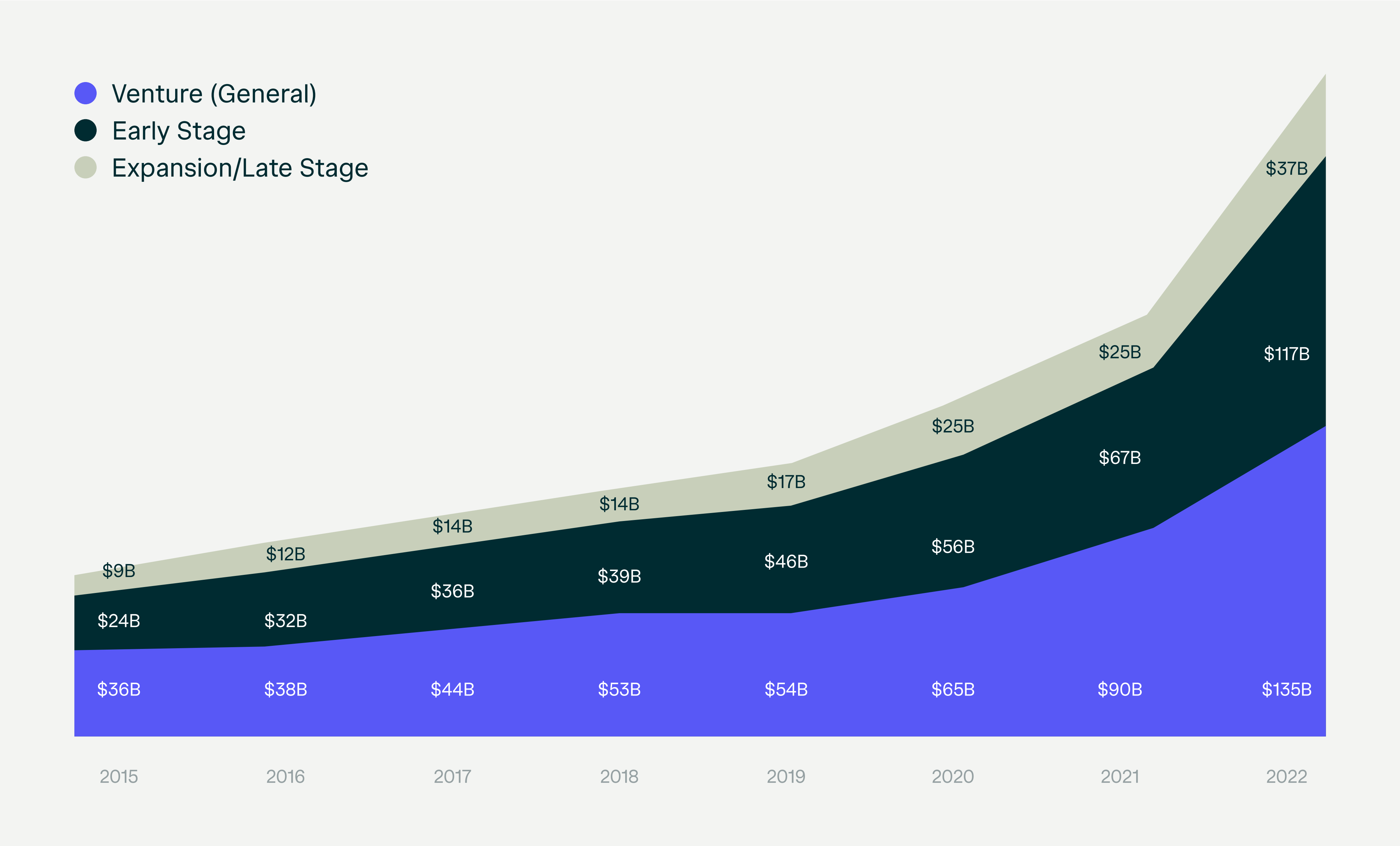
#	ADVERTISING	PAYROLL	COMPUTING	OPERATIONS
1	Google Ads	GUSTO	amazon web services	Google Workspace
2	Meta	intuit quickbooks	GitHub	amazon
3	mailchimp	upwork	Google Cloud	zoom
4		fiverr.	HEROKU	intuit
5	Search Ads	Justworks	Digital Ocean	slack
6	TikTok Ads	ADP	mongoDB.	Microsoft
7	Hootsuite	TriNet	docker	Uber
8	SHAREASALE	RIPPLING	DATADOG	Apple
9	Bing ads	PAYCHEX	Akamai	Microsoft
10	reddit	Insperity	Cloudinary	bill.com

Source: SVB proprietary data and analysis

By identifying the underlying vendors in our spend data, we can see the most popular vendors for early-stage companies in several areas of business. For advertising, Google and Meta dominate, but TikTok continues to gain favor. In the 2021 top ten analysis, TikTok was **#7**, but jumped to **#6** in 2022. Payroll includes a mix of legacy vendors like ADP and TriNet as well as newer providers like Gusto and Rippling. Upwork and Fiverr maintain their prominence, and Fiverr even moved up a spot from **#5** to **#4**. The popularity of these vendors, both of which make it easy to hire freelance talent, suggests early-stage companies pursued labor flexibility in 2022.

STARTUP SPEND

Venture Capital Dry Powder



Source: Preqin data and SVB analysis. Venture capital dry powder data includes capital allocated for North America.

While 2022 was a tough fundraising environment for startups, record dry powder is an optimistic sign that startup investment could possibly rebound in 2023. Between 2021 and 2022, overall VC dry powder increased **58%**, but dry powder allocated for the early stage increased **74%**. A stronger focus on the early-stage market has emerged in the face of a more difficult public market and late-stage environment. Early-stage companies are further away from entering public markets, so some investors may see early-stage investing as part of a safer strategy during uncertain times.

LOOKING FORWARD

2023 VC Predictions

As we turn the calendar to 2023, we decided to once more solicit predictions from VCs on what to expect from the world of startups and investing in 2023. After surveying more than 100 VCs, here were our favorite predictions:

2023 becomes a great vintage for startup investing

"Everything in VC gets much cheaper, meaning that 2023 becomes a great vintage for startup investing across the board, from pre-seed to growth. There will be a swarm of PE firms and a huge increase in Corporate M&A coming in to take out SPAC'd (special purpose acquisition company) companies, taking them private at a fraction of the prices that they last raised at growth-stage venture. Lots of growth-stage startups, perhaps 25%, are going to die. They raised too much with cheap equity, never developed good budgetary practices, championed growth over customer success—and the money tree has dried up."

SEAN O'SULLIVAN,
MANAGING GENERAL PARTNER & FOUNDER, SOSV

Strict and harsh year for startups

"2023 is going to be a strict and harsh year for startups that have a business model that relies on cash burning and doesn't have the perspective of breakeven anytime soon. The VC industry is looking for companies that can operate in a model without a high burn rate and have founders with strategic thinking and a 'nice and steady' growth mindset. Certainly, the VC funds, before every round, will demand startups to 'check every box' of a large list of financial goals."

CAROLINA STROBEL
GENERAL PARTNER, ANTLER

Breakthrough year for B2B marketplaces

"While I've been focused on vertical B2B marketplaces for some time now, I believe 2023 will be a breakthrough year for many of these models. Across many large 'old school' industries, the whipsaw of the past two years shined a light on antiquated supply chains. For buyers and sellers, modern discovery, purchasing, workflow, and inventory management software is no longer a nice-to-have but a need-to-have, and we will see much faster speed of adoption in these models—which is further catalyzed by generational transition in many of these industries."

MIKE DUBOE
GENERAL PARTNER, GREYLOCK

Back to basics in 2023

"The venture capital industry will get back to basics in 2023. Discipline around multiples, burn rates, and unit economics will be back in vogue. Seed and Series A rounds will continue on a steady pace with valuations retreating to more normalized levels in most cases. There is a sense that 2023 and the next couple of years will be a good time to be investing in new startups. At mid-stage and growth-stage, 2023 will be the year that many companies who raised mega rounds in 2020/2021 will be exposed, resulting in down rounds, drastic headcount cuts, or worse. The companies who made adjustments grew profitably, and are considered top quartile performers. They will have plenty of options with significant dry powder waiting."

JOHN MAYFIELD
GENERAL PARTNER, ALBUM

2022 hangover continues through first half of 2023

"I think we will see the hangover from 2022 continue through the first half of next year. Fewer deals being done, smaller deal sizes, and lower valuations. The public market correction and trickle-down to private markets has humbled a lot of investors and venture capitalists, and it will make them gun-shy in the new year."

ANDREW GLUCK
GENERAL PARTNER, IRRVRNTVC

Clarity around Web3 and AI

"In 2023, we will start to get more clarity on where change is headed, and who might emerge as a winner during recovery. For example, the cascade of crypto crashes in 2022 exposed non-viable blockchain implementations, and when the dust settles, we will see the actual horizon for Web3 growth. In recent months, we have seen a major jump in AI capabilities, and 2023 will determine how and whether we can make these technologies commercially viable and socially responsible, and what (if any) legislative constraints may get in the way of expansion."

KELLY PERDEW
GENERAL PARTNER, MOONSHOTS CAPITAL

Bridge rounds + maturation of the TikTok generation

"We're already seeing two massive shifts that have not yet fully taken form. First, the contraction of companies that raised in the heights of the past two years will start running low on cash, which will drive bridge rounds and down rounds, subsuming investor cash on deals that don't die completely. Some funds will focus on new deals, buying low and reinvesting in the next cycle, but will be far more discerning despite the over-reported narrative that now is the best time in history to invest. Second, the TikTok generation is maturing. Sub-$50M businesses will explode. The advertising landscape has been leveled, much of this generation grew up coding, and they are far more self-sufficient in generating income compared to older generations. This will create an onslaught of new businesses, brands, services, and technologies outside of the valley and educational institutions."

JEFF BECKER,
GENERAL PARTNER, ANTLER

Mission-driven founders outperform the market

"I see 2023 as the year for mission-driven founders proving to the world they will outperform the market, by driving value through their social and environmental focus. There is a big opportunity to focus on early-stage investing where the economics are more favorable and more likely to weather the medium-term macro storms, plus the best companies are formed in downturns so now is not the time to take your foot off the gas as an early-stage investor."

EMMA STEELE
GENERAL PARTNER, ASCENSION

About AngelList

AngelList provides investors and founders with the infrastructure they need to launch and scale a fund or startup—and invest in either. As of this writing, we support over $14 billion assets under management. Our data and access gives us a nearly unrivaled view into early stage venture activity. That means we can report with more accuracy on market-wide trends within the startup ecosystem.

Are you ready to build a startup, build a fund, or invest in both? Visit our website.

About Silicon Valley Bank

Silicon Valley Bank, the bank of the world's most innovative companies and investors, provides commercial banking services, expertise, and insights to the technology, life science and healthcare, private equity, venture capital, and premium wine industries. Silicon Valley Bank operates in centers of innovation around the world and is one of SVB's core businesses with SVB Capital, SVB Private, and SVB Securities. With global commercial banking services, Silicon Valley Bank helps address the unique needs of its dynamic, fast-growing, innovative clients.

Whether you are just getting started as a founder with an idea, raising capital on AngelList, or driving towards your exit, SVB is here to support your journey. Check out more insights designed to help founders on their startup journey.

About the Authors

Abe Othman

Abe Othman is the Head of Data Science at AngelList, where he leads a small team creating the new field of quantitative venture capital. He has founded two machine-learning companies with successful exits and invested in more than a dozen seed-stage companies. He received his A.B. from Harvard in Applied Math and a Ph.D. in Computer Science from Carnegie Mellon.

Matthew Speiser

Matthew writes about technology and investing for venture capital firms and startups, including AngelList, Hustle Fund, Mercury Bank, and others. He has a BS in Journalism from the University of Delaware. To learn more about Matthew, visit his website.

Liz Cahill

Liz Cahill is a data analyst at Silicon Valley Bank, working at the crossroads of human/tech interaction. She has a BS in Finance from Drexel University.

Kristen Craft

Kristen Craft is Director of early-stage startups in Boston. With over 15 years of experience in enterprise software and digital marketing, she loves helping startups grow and succeed. Kristen's past experience includes leadership roles at Animalz, Tettra, Ovia Health, Wistia, and Transparent Language, as well as launching her own startup, Brown Box Storage. She holds a B.A. from Brown University and graduate degrees in education and business from Harvard and MIT Sloan. Kristen resides in Somerville, MA with her husband and two children.

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Methodology

An AngelList "deal" is an investment made by a Venture or Rolling Fund, Syndicate (SPV), or Roll Up Vehicle hosted on the AngelList platform. We define “early stage” deals as deals that occur at Series A or prior. We include all deals signed in the relevant quarter, indicating a legal commitment to invest. We make no guarantee that these deals were finalized in the quarter, or ever. All deals are labeled by round and sector according to the best judgment of the deal lead, with potential oversight from the AngelList investment operations team.

Since we generally only update valuations at priced rounds, at any given three-month stretch, perhaps only 10% of companies will show a change in value. As AngelList skews towards earlier investments, we estimate that about three-quarters of the companies we track are at the seed or Series A stage.

This data represents deals signed by GPs on AngelList between 1/1/22 and 12/31/22.

Markups

The “markups” charts represent what has happened to every active, “seasoned” company (“seasoned” meaning that we track an investment in the company that is at least 180 days old) over a trailing three-month window.

A seasoned startup is considered "marked up (down)" if the most recent deal tracked by AngelList into that startup increased (decreased) in value. Rates are all expressed relative to the number of startups with seasoned investments at the start of the quarter (11,666). While efforts are taken to track valuation updates and exits in a timely manner, readers should expect small changes to historical values on the plots, reflecting valuation changes or exits that occurred during the quarter but were not registered on the platform by the end of the quarter.

In both the “markups” and “activity” charts, time goes left to right, so the most recent activity is closest to the right-hand side of the plot. The top plot is a split between good events (Markups and Exit Ups), which are in shades of yellow and are on the positive side of the top plot, and bad events (Markdowns and Exit Downs), which are in shades of purple and are on the negative side of the top plot.

The dotted line in the top chart is the median outcome—when it’s positive, the typical startup event that we observed was positive. The bottom plot tracks activity rates overall and exit rates specifically.

Rate of Activity

Only active (not exited) startups that we have a seasoned investment into (an investment at least 180 days old at the start of the three-month period) are considered. Since we detect activity by changes in the latest price-per-share, in some cases if a startup does a "flat" round that does not change the price per share, we may not detect that activity.

Valuations	Based on summary statistics from the pre-money USD valuations of all the rounds within the interval. Valuations are generally marked to a company's latest priced financing round, as disclosed to AngelList. While AngelList's valuation sources are believed to be reliable, AngelList does not undertake to verify the accuracy of such valuations. Companies that have not received new investments in a priced round since the last mark are held at cost or may be marked down at AngelList's discretion according to its valuation policy. Valuations and returns do not account for liquidation preferences and other non-financial terms that may affect returns. Investments in later-stage companies may be sent to a third-party for valuation if (i) the company's estimated value is over $100 million, (ii) the investment is estimated to be worth over $10 million and (iii) 24 months have passed since the last investment. Valuations presented herein are calculated as of the date disclosed and have not been audited by a third-party. Contact us for full details on our valuation methodologies.
Market Sector	Deal share by market sector was calculated by adding up the total deal count for each deal that was part of a Syndicate or Traditional Fund and was assigned a specific market sector tag at deal close. This number was then expressed as a percentage of overall deal count in 4Q22 as well as annualized across 2022. Share of capital deployed by market sector was calculated by adding up the total capital deployed for all deals that were part of a Syndicate or Traditional Fund and was assigned a specific market sector tag at deal close. This number was then expressed as a percentage of the total capital deployed across all sectors in 4Q22 as well as annualized across 2022.
Funding to Female Founders	Deal share of female founders was determined by adding up all syndicated deals to startups with a female member of the founding team (as reported by the investor and verified by AngelList). This number was then expressed as a percentage of overall deal count for the given year (2018-2022). Share of capital deployed to female founders was determined by adding up the total syndicated capital deployed to startups with a female member of the founding team (as reported by the investor and verified by AngelList). This number was then expressed as a percentage of the overall capital deployed for the given year (2018-2022)
Deals by Instrument	Deals by instrument were determined by adding up all deals completed in 2022 that were assigned a specific instrument tag at deal close. This number was then expressed as a percentage of overall deal count in 2022. Preferred investment instrument by round name was determined by adding up all deals assigned to a specific round in 2022 and assigned to a specific deal instrument tag at deal close. This number was then expressed as a percentage of the overall number of deals in that named round in 2022.

Deals by Round Name	Deals by round name was determined by adding up the total number of deals that were assigned to a specific round in 2022. This number was then expressed as a percentage of the overall deal count that took place within the measured time period.
Emerging Tech Companies	Transaction data is pulled for a cohort of U.S.-based emerging tech companies (defined as companies that are pre-Series A). The underlying cohort of companies has slight variation in each quarter's report as companies raise rounds (growing out of early stage) and join or leave SVB as clients.
Median Spend by Sector	A cohort of emerging technology companies broken into select sectors: consumer, fintech, enterprise, healthtech and frontier tech (i.e., applied robotics, transportation, semiconductors, aerospace and consumer electronics). Median spend is aggregated by quarter. Data gleaned from SVB transaction analysis.
Median Payroll Spend by Sector	A cohort of emerging technology companies broken into select sectors: consumer, fintech, enterprise, healthtech and frontier tech (i.e. applied robotics, transportation, semiconductors, aerospace and consumer electronics). Median payroll spend is aggregated by quarter. Data gleaned from SVB transaction analysis.
Median Cash Inflows	Median cash inflows, which do not include funding events, is aggregated per year for a cohort of emerging tech companies in the consumer, fintech, enterprise, frontier tech and healthtech sectors. Data gleaned from SVB transaction analysis.
Spend by Vendor	Ranking of most popular vendors each quarter for emerging tech companies in select sectors: fintech, enterprise, and consumer. Data gleaned from SVB transactions.
Venture Capital Dry Powder	Dry powder refers to the amount of capital that has been committed to a private capital fund minus the amount that has been called by the General Partner for investment. Data pulled from Preqin with SVB analysis.