Florida Venture Factbook
2019
Dear Attendee,

On behalf of the Florida Venture Forum’s Board of Directors, members, and staff, and with thanks to our data partners at PitchBook, it’s my pleasure to share this Florida Venture FactBook.

This is my seventh year leading the greatest venture capital organization in the country—and what a seven years it has been. In 2012, Florida had two statewide angel groups, one seed fund, and a handful of resident venture funds (great ones, thankfully!). Many of our universities didn’t have entrepreneur or innovation centers, and there were very few incubators or accelerators.

Contrast that with 2018–2019: Florida has several very active angel funds operating statewide or covering virtually every region of the state, multiple seed funds (with more coming online), and incubators and accelerators doing incredible work, including national and international players like Endeavor and 500Startups. All our major universities and colleges, and many local and regional economic development groups, run or support active entrepreneur centers, engaging on a regular basis with local investor networks, mentoring entrepreneurs and companies, holding pitch events, and gathering communities together.

Word is getting out nationally. Investor attendance at our annual Florida Venture Capital Conference (January 30–February 1, 2019) has grown by 5-10% in each of the past five years. Out of state attendance, a key measure of how well Florida is telling its story nationally, is also growing every year. And, the number of applications to present at our events, a key indicator of the number of “venture ready” Florida companies, is also setting records.

Funding numbers are also starting to reflect this ecosystem maturation. Past presenters at Forum conferences since 1991 have raised approximately $4.5 Billion in equity capital since presenting—over $1B of that in just the past five years.

This recent growth and success has been a longtime in the making. Many of the individuals and firms that have supported the Florida Venture Forum (and other organizations that support entrepreneurs) since its inception in 1984 deserve a great deal of the credit for helping our innovation ecosystem grow and prosper.

Florida must maintain this momentum. Of course, we’d love for you to join the Forum, but you can also support the ecosystem by joining one of our angel or seed funds, mentoring at your local entrepreneur center, serving on the advisory board of your local incubator/accelerator, or attending and supporting any of the Forum’s events, or those of our many partner organizations.

Information on all these organizations and opportunities can be found on our website at www.flventure.org, or feel free to email me!

Best,

Kevin Burgoyne
President & CEO
kevin@flventure.org
Venture Industry Overview

Capital investment into US VC reaches new all-time high

US VC deal activity

The 2018 VC headline is, understandably, that annual capital invested eclipsed $100 billion for the first time since the dot-com era.

Driven by the record levels of capital raised in recent years, as well as the sustained interest from nontraditional investors, aggregate capital invested topped $130 billion, surpassing the $105.0 billion figure recorded in 2000 by Thomson Reuters, a figure many consider the high-water mark for annual VC investment. Large round sizes and high valuations continue to dominate the dealmaking environment, as 2018 closed with a slight decline in completed financings, despite the record aggregate capital invested figure. Further, this trend hasn’t been limited to late-stage activity, either, as transaction sizes and valuations have risen across the entire venture investment spectrum. Moving forward, market participants will be assessing the sustainability and health of these activity levels, especially in the case of any adjustments in the global economic or political backdrop, among other factors, that have already introduced volatility in public equities and credit spread reversals.

Corporates and PE investors have continued to participate in venture deals at a heightened pace, with both investor groups participating in a decade-high worth of transactions, as measured by total capital invested. With corporate VC (CVC) involvement in 1,443 deals and PE participation in 792 deals, completed financing counts remain at or near decade highs as well. These two investor groups are also some of the most heavily involved in large, late-stage venture deals and would likely be some of the initial groups to pull back, given the non-core nature that VC deals represent to them. That said, opportunities in VC-backed companies have served as unique transaction origination channels for various PE groups, particularly those looking to
deploy capital into technology businesses. For now, developed and more capital-intensive businesses have benefited from these investors filling out $100+ million rounds, given many of these groups are at minimum capable of, if not required to, write bigger checks, given the economics of what are traditionally larger vehicles.

We continue to see late-stage deals account for an outsized proportion of total capital invested. Private capital inflows and the subsequent ability for mature companies to sustain growth under VC backing have driven a continued extension in the number of rounds upstarts are raising privately and in the average age of VC-backed companies. The industry has started to think of large deals at this stage as the norm, and when looking at transaction values, that statement holds true. However, deals greater than $50 million still represent only 17.5% of total late-stage deal activity. As the average age of companies raising institutional capital continues to climb, we expect transaction sizes to remain inflated, particularly as the capital needs of such companies will multiply commensurately with their stage of growth. In addition, we could see investors look to place more concentrated bets on the assets in which they see the most perceived value, a trend we’ve seen play out with some of the more established VC firms.

On a historical basis, early-stage activity remained strong in 2018. Despite the count of known completed financings dropping in 4Q, the middle of the year recorded decade-high figures in terms of both capital invested and completed financings at the early stage. The second quarter of the year saw $11.8 billion in capital invested, while 3Q saw over 840 completed early-stage rounds. Similar to the rest of VC, early-stage and angel & seed median deal sizes traveled higher in 2018, reinforcing the idea that the profile of companies at each venture investment stage has shifted across the entire venture funding cycle. Easily communicated through adages like “Series A is the new Series B,” this idea has been implanted in the current VC zeitgeist, but its staying power through business cycles has yet to be tested. A potential correction or pullback in VC valuations will likely achieve some normalization at the early stages of VC; however, we believe that deal sizes and valuations will remain above long-term historical averages, driven by many of the aforementioned factors such as company age, use of capital, and dry powder.

On the valuation front, median pre-money valuations continued to climb across all stages, chiefly unabated in 2018. Valuation growth in 2018 was once again quickest for the largest company sets, with ascending growth rates from angel & seed to Series D+, further highlighting a trend of the largest companies and highest-stage transaction sizes only continuing to thrive.

The exit market recorded robust activity throughout 2018, with total exit value eclipsing $120 billion for the first time since 2012. The steady level of exit counts is also an especially encouraging sign, as it speaks to the appetite of not only new acquirers willing to transact in unprofitable but high-growth and high-potential businesses, but also the appetite of founders willing to move forward with liquidity events. For the second consecutive year, PE buyouts and IPOs accounted for an increased proportion of VC-backed exits. In addition, IPOs represented greater than 50% of exit value for the second straight year. The 85 IPOs completed in 2018, the highest count since 2014, is an encouraging sign given the backlog of mature, highly-valued startups. The IPO venue tends to be a more common exit route for the largest VC-backed companies, which in turn results in ample distribution back to LPs. While this exit route can also be dependent on broader
public market conditions, should the window remain open, we could continue to see continued use of the IPO route to raise substantial capital and generate liquidity for shareholders.

Fundraising in 2018, and especially 4Q, was extremely strong from a value basis on the back of a plethora of mega-funds ($500 million+) that came to market. The $55.5 billion raised across 256 closed funds represents an all-time high for dollars raised in a single year, with two separate vehicles breaking the record NEA had previously set for the largest VC vehicle raised ($3.5 billion). Sequoia’s close on an $8.0 billion vehicle and Tiger Global’s $3.8 billion fund accentuate the shifts in the late-stage investment environment and how GPs are adapting their strategy to remain competitive. First-time funds also posted a record year with 52 new funds closing in 2018 on $5.3 billion. This strength across the entire fundraising spectrum, partially attributable to improving VC returns, should underpin dealmaking momentum for the next few years. On the valuation front, median pre-money valuations continued to climb across all stages, chiefly unabated in 2018. Valuation growth in 2018 was again quickest for the largest company sets, with ascending growth rates from angel & seed to Series D+, further highlighting a trend of the largest companies and highest-stage transaction sizes only continuing to thrive.

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**Latest-stage valuations remain fastest growing**

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

Source: PitchBook-NVCA Venture Monitor
Since 1984 the Florida Venture Forum has served as the preeminent statewide, member supported, private equity, venture capital and angel capital organization in the Southeastern United States. The Forum’s events, activities, mentoring and leadership foster an open, collegial and supportive ecosystem where fast growing, Florida-based companies, and those doing business in Florida, can learn from and network with investors and other professionals, giving them access to the capital and services they need to grow and scale.

**FLORIDA VENTURE FORUM: 35 YEARS OF IMPACTFUL SUCCESS**

1,200+ PRESENTING COMPANIES AT FORUM EVENTS

10K+ COMPANIES EDUCATED OR MENTORED

$4.5B+ EQUITY CAPITAL RAISED BY PRESENTING COMPANIES

45K JOBS CREATED THROUGH FORUM ACTIVITIES

$8B TOTAL ECONOMIC ACTIVITY CONTRIBUTED TO FLORIDA

The Florida Venture Forum is a catalyst for accelerating and driving economic growth and development in Florida, serving as a nexus for companies, investors and organizations dedicated to fostering a thriving innovation economy.

**OUR MISSION:**

Connecting Florida Entrepreneurs and Capital Sources to Foster a Thriving Innovation Economy.

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**FLORIDA EARLYSTAGE ANGEL CAPITAL CONFERENCE**

**MAY 9-10, 2019**

Omni Orlando at Champions Gate
Orlando, FL

**FLORIDA VENTURE CAPITAL CONFERENCE**

**JANUARY 30 - JANUARY 31, 2020**

JW Marriott Orlando Grande Lakes
Orlando, FL

Invitation only events: January 29, 2020
Florida deal volume slides, yet total capital invested increases

Florida deal activity

- Deal value for 2018: $1.7B
- Deal value increased 70% from 2017

- Deal count for 2018: 234
- Deal count decreased 11% from 2017

Angel & seed rounds continue to represent the bulk of Florida venture deals

- Angel & seed rounds make up 59% of all venture deals in Florida

Florida VC deals (#) by stage

- Angel & seed
- Early VC
- Later VC
Early-stage valuations rise across the Southeast region

Median early-stage pre-money valuation ($M)

$10.3M
Median Florida early-stage valuation in 2018
14% from 2017

$11M
Median US Southeast early-stage valuation in 2018
8% from 2017

Both Florida and Southeast region late-stage valuations on the rise

Median late-stage VC pre-money valuation ($M)

$47.5M
Median Florida late-stage valuation in 2018
114% from 2017

$62.5M
Median US Southeast late-stage valuation in 2018
78% from 2017
2018 Largest Deals

<table>
<thead>
<tr>
<th>Company</th>
<th>Amount</th>
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<tbody>
<tr>
<td>magic leap</td>
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<tr>
<td>stimwave</td>
<td>$60M</td>
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<tr>
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Largest exits (2011–2018)

<table>
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<tr>
<th>Company</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Altair BioScience</td>
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<td>Fanatics</td>
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<tr>
<td>Tower Cloud</td>
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<tr>
<td>INNFocus</td>
<td>$225M</td>
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</tbody>
</table>

Company highlight

Developer of human computing interfaces and software technology designed to superimpose 3D computer-generated imagery over real-world objects.

Total raised: $2.4B
Valuation: $6.4B

Most active investors by deal count (2011–2018)

<table>
<thead>
<tr>
<th>Investor</th>
<th>Deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida Institute</td>
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<tr>
<td>Miami Angels</td>
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<tr>
<td>New World Angels</td>
<td>18</td>
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<tr>
<td>Florida Funders</td>
<td>18</td>
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<tr>
<td>Westlake Ventures</td>
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</table>
PitchBook is a financial technology company that provides data on the capital markets to help professionals discover and execute opportunities with confidence and efficiency. We collect and analyze detailed data on the entire venture capital, private equity and M&A landscape—including public and private companies, investors, funds, investments, exits and people. Our data and analysis are available through our suite of products (the PitchBook Platform), industry news and in-depth reports.