



Venture Pulse Q1 2020

Global analysis of
venture funding

21 April, 2020



Welcome message

In a departure from our normal format we wanted to let you all know that you are in our thoughts as we all work through what is likely the biggest global test that we will likely deal with in our lifetimes.

Venture Capital investment trends are obviously irrelevant in comparison to what is currently facing us, but supporting and showcasing this community remains critical to those of us leading KPMG Private Enterprise.

We have no doubt that the human spirit will triumph over this adversity and we have seen this evidenced in the tremendous accomplishments of our employees and of our clients over the last several weeks. It has been inspirational to see, and we are sure to see more over the next few weeks and months.

Remember we are here to provide assistance to you in any way we can — even if it is a simple conversation around how you are doing.

Q1'20 was unlike any quarter on record. The emergence of the novel coronavirus COVID-19 shattered original expectations for the year, putting previous trends and concerns, such as Brexit and the US-China trade tensions, on the backburner. The spread of the virus, deemed a pandemic by the World Health Organization on March 11th created turmoil in nations, economies, and public markets around the world.

Despite the impact of COVID-19, VC investment globally remained quite robust in Q1'20, primarily due to the strong pipeline of deals in many jurisdictions around the world. In particular, VC investment in the US remained strong, led by a \$2.25 billion raise by Waymo, a \$1 billion raise by Generate Capital, and a \$750 million raise by Quibi. VC investment was also strong in Europe, led by a \$500 million raise by Revolut and a \$240 million raise by Lilium.

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Asia, meanwhile, saw VC investment drop significantly, driven by a slowdown in deals activity in China, where the fight against COVID-19 began much earlier than in other jurisdictions. Despite a sharp decline in the number of deals, Asia saw a number of megarounds during Q1'20, including \$3 billion raises by Gojek and Kuaishou, and a \$1 billion raise by Yuanfudao.

With unprecedented shutdowns around the world, Q2'20 is expected to be a rough quarter for VC investment in every jurisdiction. While there continues to be an enormous amount of dry powder in the global VC

market, many investors will likely sit on the fence until the ramifications of the pandemic become clearer. VC deals that do occur will likely involve follow-on funding to companies within the existing portfolios of VC investors or companies that have a clear value proposition given the current situation.

In this quarter's edition of Venture Pulse, we look at these and a number of other global and regional trends, including:

- The implications of COVID-19 on each of the key jurisdictions
- The rise in demand for digital business models
- The rise in benevolent investments in companies focused on addressing COVID-19 challenges
- The long-term ramifications of the pandemic on potential investment trends.

We hope you find this edition of Venture Pulse insightful. If you would like to discuss any of the results in more detail, please contact a KPMG Private Enterprise adviser in your area.

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*In Q1'20 European
VC-backed
companies raised*

\$8.8B

across

923 deals



Europe sees strong start to year as level of uncertainty grows

VC investment in Europe got off to an excellent start in 2020 even with the exit of the UK from the European Union and the sudden uncertainty created by the rapid spread of COVID-19 in February and March. The expanding startup ecosystem across Europe, low interest rates, and a strong base of maturing startups helped drive the continued VC investment.

During Q1'20, fintech continued to be a hot area of investment across Europe. During the quarter, Revolut raised \$500 million, Klarna raised \$200 million, and Starling Bank raised \$117.3 million.



UK continuing to attract VC funding post-Brexit

Despite its official exit from the EU on January 31, 2020, the UK continued to see strong VC investment in Q1'20, including the raising of \$100 million+ funding rounds by Revolut, LumiraDx, GraphCore, and Starling Bank. The UK did start to see some collateral damage from Brexit, however, with Revolut announcing plans in Q1'20 to expand its operations in Ireland in order to better serve its European customers¹.

Looking forward, it is not only fintech companies that will need to consider their regulatory requirements. Biotech companies that are only regulated in the UK will also need to determine if they need regulatory approval elsewhere in order to continue with their operations.



Ireland sees increase in VC investment in Q1'20

VC investment in Ireland was quite strong in Q1'20, led by an \$80 million raise by productivity company Fenergo. In Q1'20, Google also announced its acquisition of Ireland-based Pointy, a company that helps traditional retailers make products accessible online, for \$163 million². The acquisition highlights Ireland's maturing VC market and startup ecosystem. Despite the strong quarter, there was growing concern as to whether VCs will continue to invest in Ireland in the short and medium term given the uncertainty associated with COVID-19. Already, some VCs have started to pull out of in-progress transactions or to re-evaluate target companies.

In Q2'20, Irish companies raising funds will likely find it more difficult to achieve the valuations they might have expected a short time ago. While VC investors may have a substantial amount of dry powder, they will be under pressure to hold that money for a number of months to see how COVID-19 plays out.



Breadth of VC investment growing in Germany

Germany saw strong VC investment in Q1'20, including a \$250 million raise by air taxi provider Lilium³ and a \$168 million raise by used car marketplace company Frontier Car Group. Fintech and B2B were hot areas of investment, with B2B HR solutions company Personio raising \$75 million in January and digital business banking platform Penta raising \$20 million⁴.

COVID-19 is expected to have a substantial impact on both VC and corporate VC investment in Germany. The impact on existing startups will be mixed, with funded developmental stage companies potentially faring better as they are not yet reliant on revenue. Growth-stage companies and those that rely on recurring revenues, such as B2B services providers, could feel the impact more strongly.

On the positive side, COVID-19 is driving collaboration and innovation in the health and biotech sectors. For example, the government organized a hackathon for young startups in order to foster ideas for fighting the virus⁵, while the EU provided an \$88 million loan to support Germany-based CureVac, a company working to develop a vaccine.

¹ <https://www.98fm.com/news/revolut-dublin-expansion-plans-961014>

² <https://techcrunch.com/2020/01/14/google-is-buying-pointy-a-startup-that-helps-brick-and-mortar-retailers-list-products-online/>

³ <https://www.morningbrew.com/emerging-tech/stories/2020/03/25/lilium-oura-gojek-close-fundraising-rounds>

⁴ <https://techcrunch.com/2020/01/20/personio-the-german-hr-platform-for-smes-raises-75m-series-c/>

⁵ <https://penta.pr.co/187116-penta-raises-financing-round-at-18-5-mio-euro-in-first-closing-and-wins-new-investors/>

Europe sees strong start to year as level of uncertainty grows, cont'd.

Nordics see strong start to the year



VC investment in the Nordics got off to a positive start in 2020, led by a \$200 million raise by online financial services and payment solutions provider Klarna and a \$155.9 million raise by digital healthcare provider Kry, both in Sweden. Finland-based Aiven, a startup focused on open source technologies and cloud infrastructure, also raised \$40 million in Q1'20⁶. Dry powder in the market, a number of new funds, high CVC activity and numerous \$10 million+ deals contributed to the positive investment environment, at least until COVID-19 reared its head in March.

COVID-19 is expected to have a significant negative impact on VC investment in Q2'20. A number of VC-backed companies in the Nordics are at the scaling phase and could find their efforts curtailed as a result of the pandemic. The inability to conduct in-person due diligence and face-to-face meetings due to border closures, travel restrictions and event cancellations will likely have a major impact on the availability of international later-stage funding for startups.

Israel sees quiet quarter of VC investment in Q1'20



While Q1'20 was a quiet quarter for VC investment in Israel, with a particularly steep decline in March due to the impact COVID-19, the quarter also saw the \$1.15 billion acquisition of application security firm Checkmarx by US-based PE firm Hellman and Friedman⁷. In the wake of COVID-19, Israel also saw a number of VC investors offering their more mature portfolio companies bridge financing in order to potentially avoid an official funding round at a significantly lower valuation.

Trends to watch for in Q2'20



Europe's VC market will likely face a tough Q2'20 due to COVID-19, although digital services, edtech, health and biotech companies, and certain B2B and B2C companies could remain attractive even during the crisis given their applicability and long-term relevance. While the short-term economic outlook is highly uncertain, the pandemic could lead to an increasing acceptance for digital solutions. This could bode well for VC investment in Europe over the longer term as both traditional companies and consumers will have required and become accustomed to their use, a process that might have been more difficult to achieve under normal circumstances.

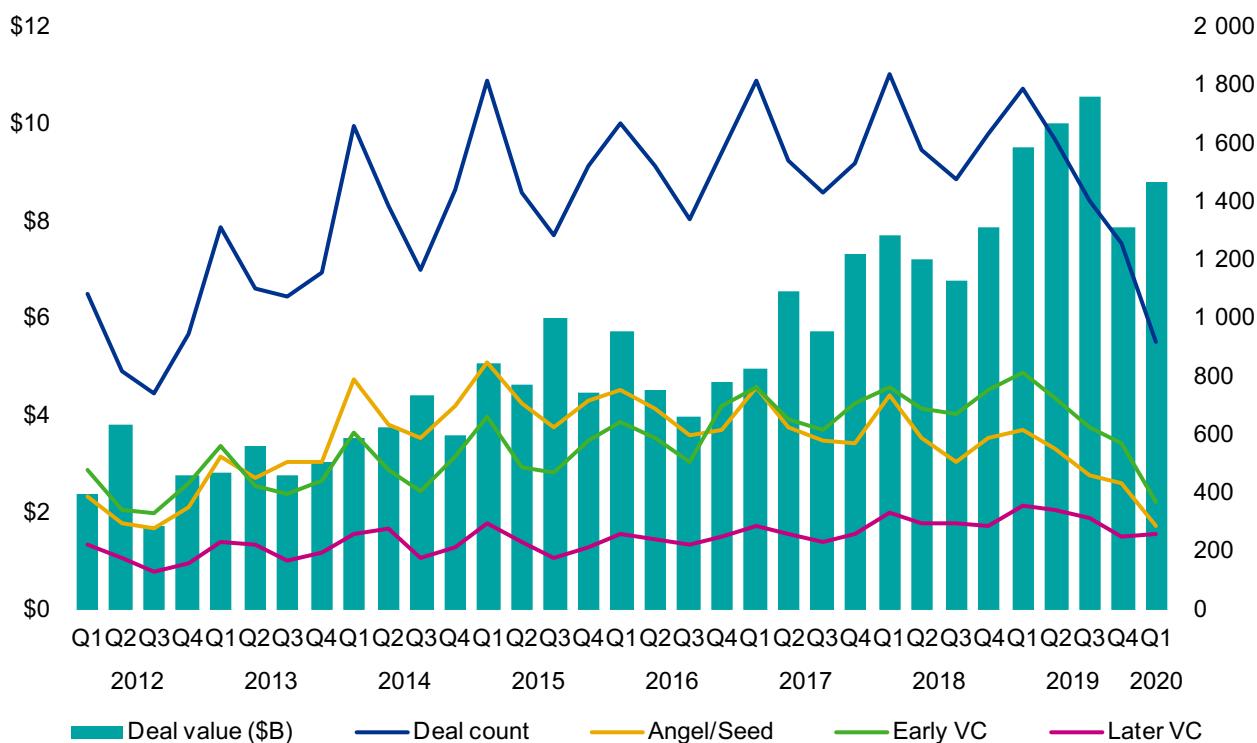
⁶ <http://www.dbta.com/Editorial/News-Flashes/Aiven-Raises-40-Million-in-Latest-Funding-Round-to-Expand-Integrations-139084.aspx>

⁷ <https://www.timesofisrael.com/israeli-cybersecurity-firm-checkmarx-to-be-acquired-for-1-15-billion/>

A strong Q1 before COVID-19 impact materializes

Venture financing in Europe

2012–Q1'20



Source: Venture Pulse, Q1'20. Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 4/21/20. Note: Refer to the Methodology section on page 32 to understand any possible data discrepancies between this edition and previous editions of Venture Pulse.

As noted in the last edition of Venture Pulse, private markets data can lag somewhat. However, the rate of decline over the past few quarters for European venture is not attributable to data lag at this point. Moreover, such a decline comes prior to any significant impact from the COVID-19 pandemic being recorded. Thus, although VC invested remained quite strong, there could be a significant drop-off even further in Q2 for European VC.

“VC investment in Europe was quite strong in Q1'20, showcasing the diversity, maturity, and growing breadth of the European ecosystem. While COVID-19 will likely have a significant impact on VC investment in Europe over the next quarter or more, what makes Europe a key place to invest will not disappear. Once the pandemic has run its course, these strengths will help bring investment back up.”



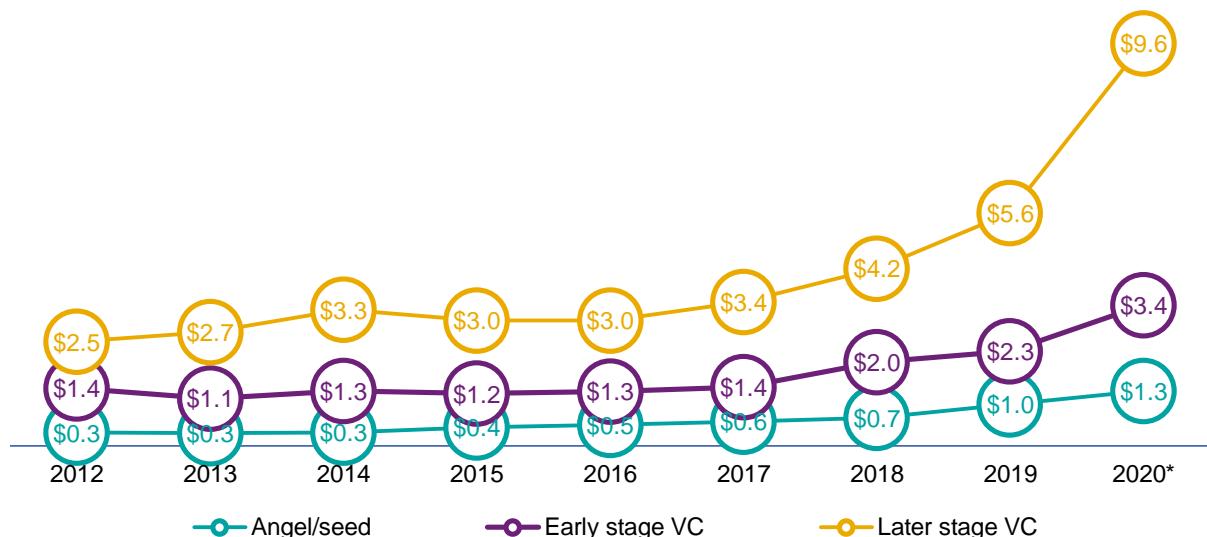
Kevin Smith

Co-Leader, KPMG Private Enterprise Emerging Giants Network, **KPMG International**, EMA
Head of KPMG Private Enterprise, and **KPMG in the UK**

Median rounds clock new highs

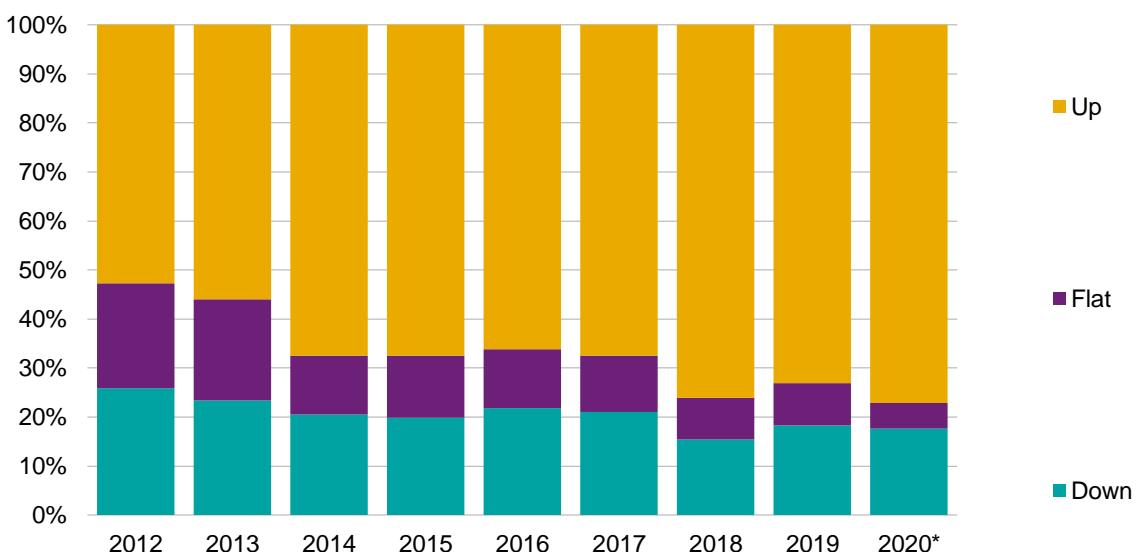
Median deal size (\$M) by stage in Europe

2012–2020*



Up, flat or down rounds in Europe

2012–2020*

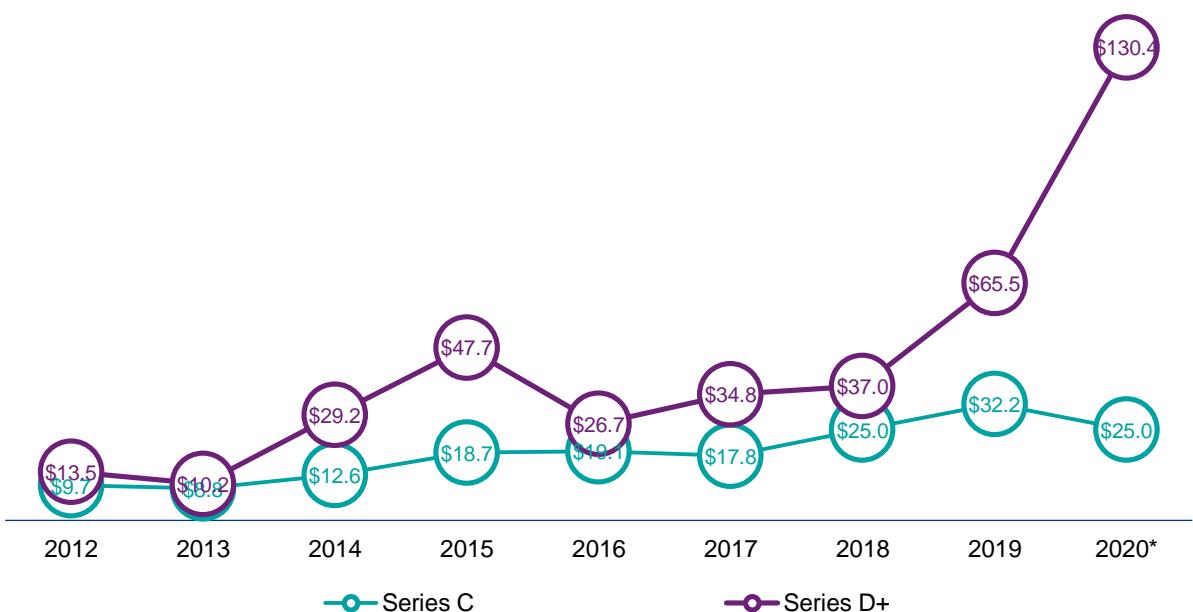
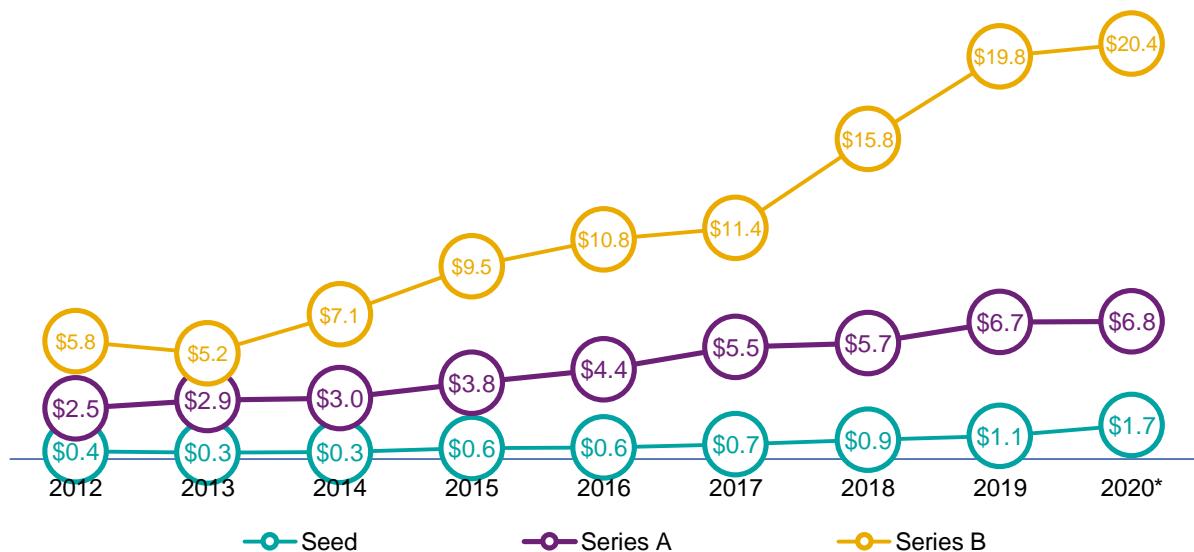


Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

Q1 sees record latest stage deal size for now

Median deal size (\$M) by series in Europe

2012–2020*

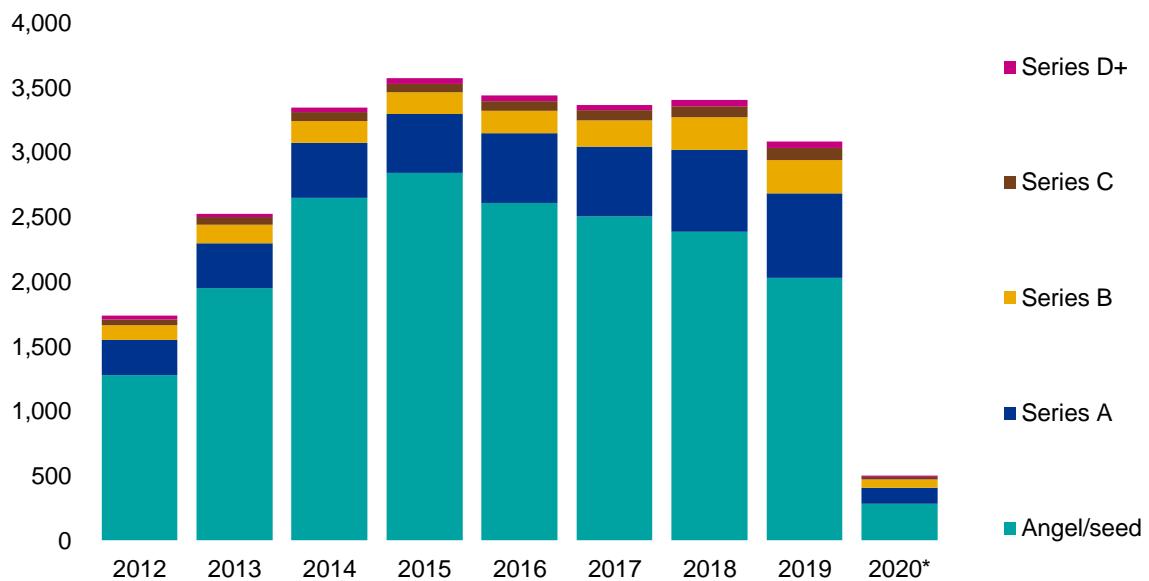


Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

Late-stage VC invested predominates

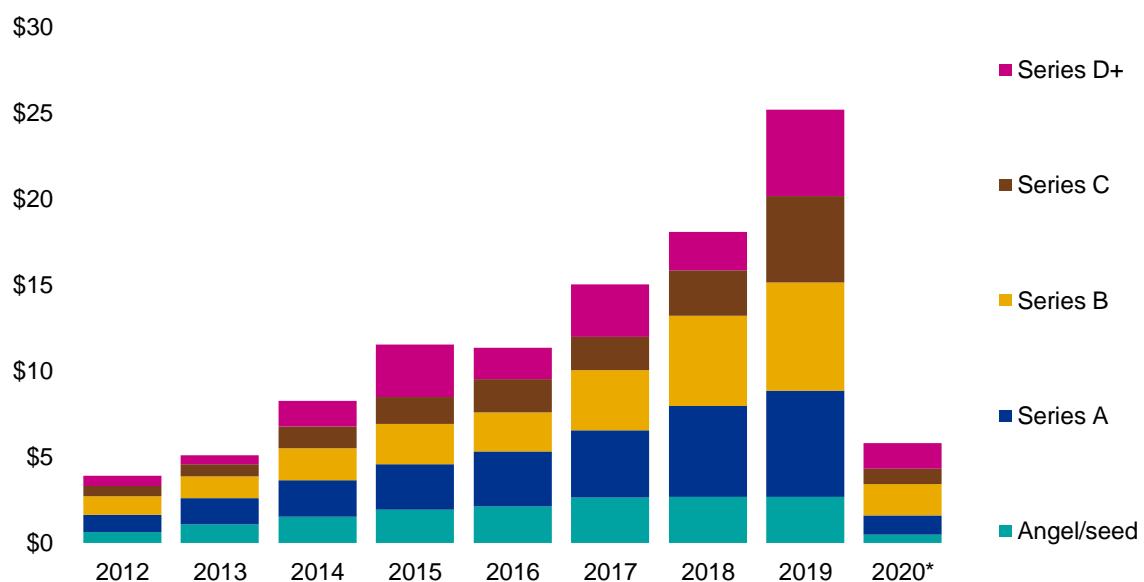
Deal share by series in Europe

2012–2020*, number of closed deals



Deal share by series in Europe

2012–2020*, VC invested (\$B)

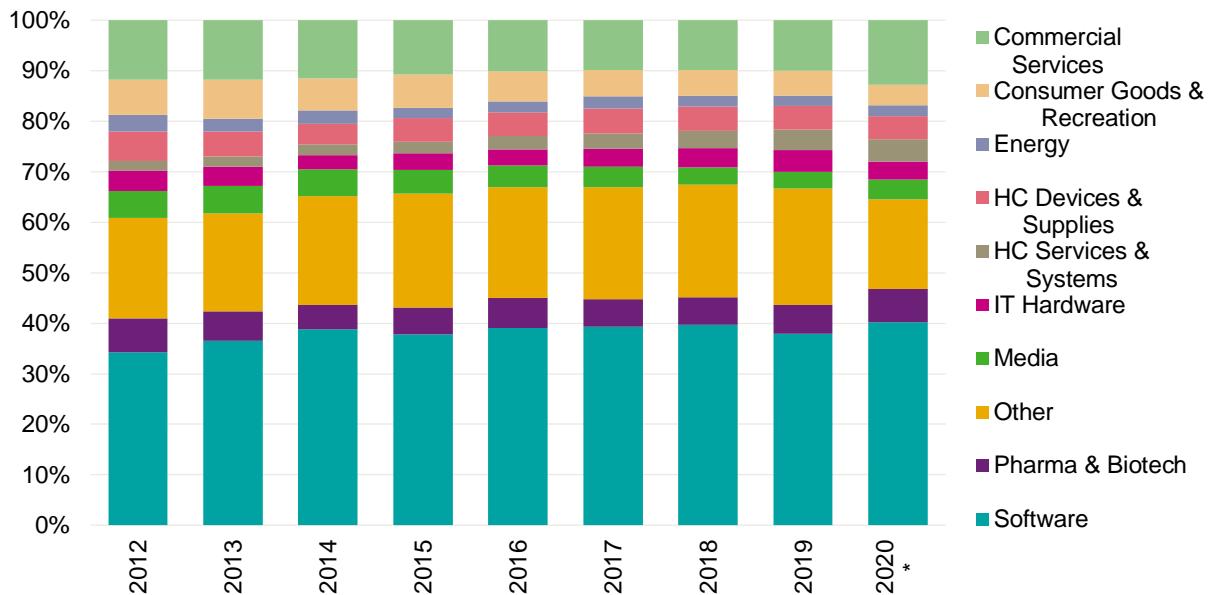


Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

Commercial services prove safe haven

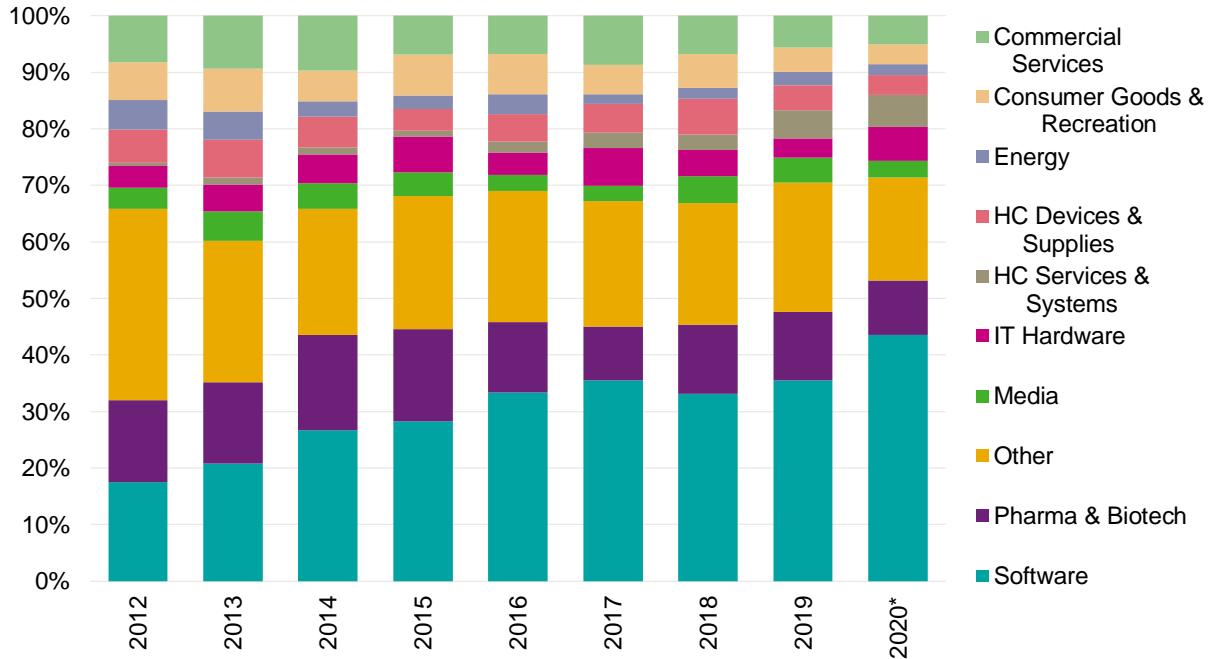
European venture financings by sector

2012–2020*, number of closed deals



European venture financings by sector

2012–2020*, VC invested (\$B)

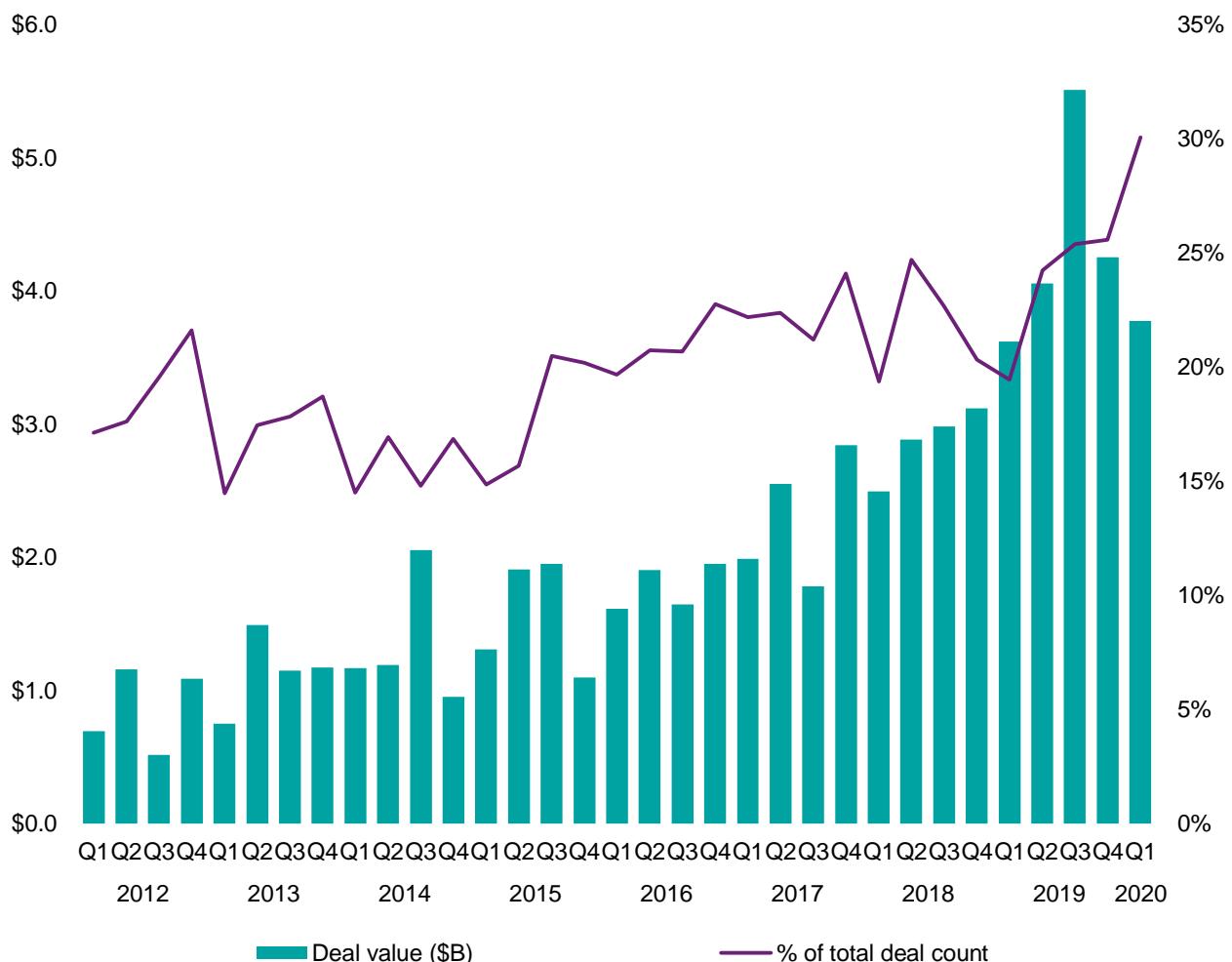


Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

CVC deal count leaps even higher to new record

Corporate VC participation in venture deals in Europe

2012–Q1'20



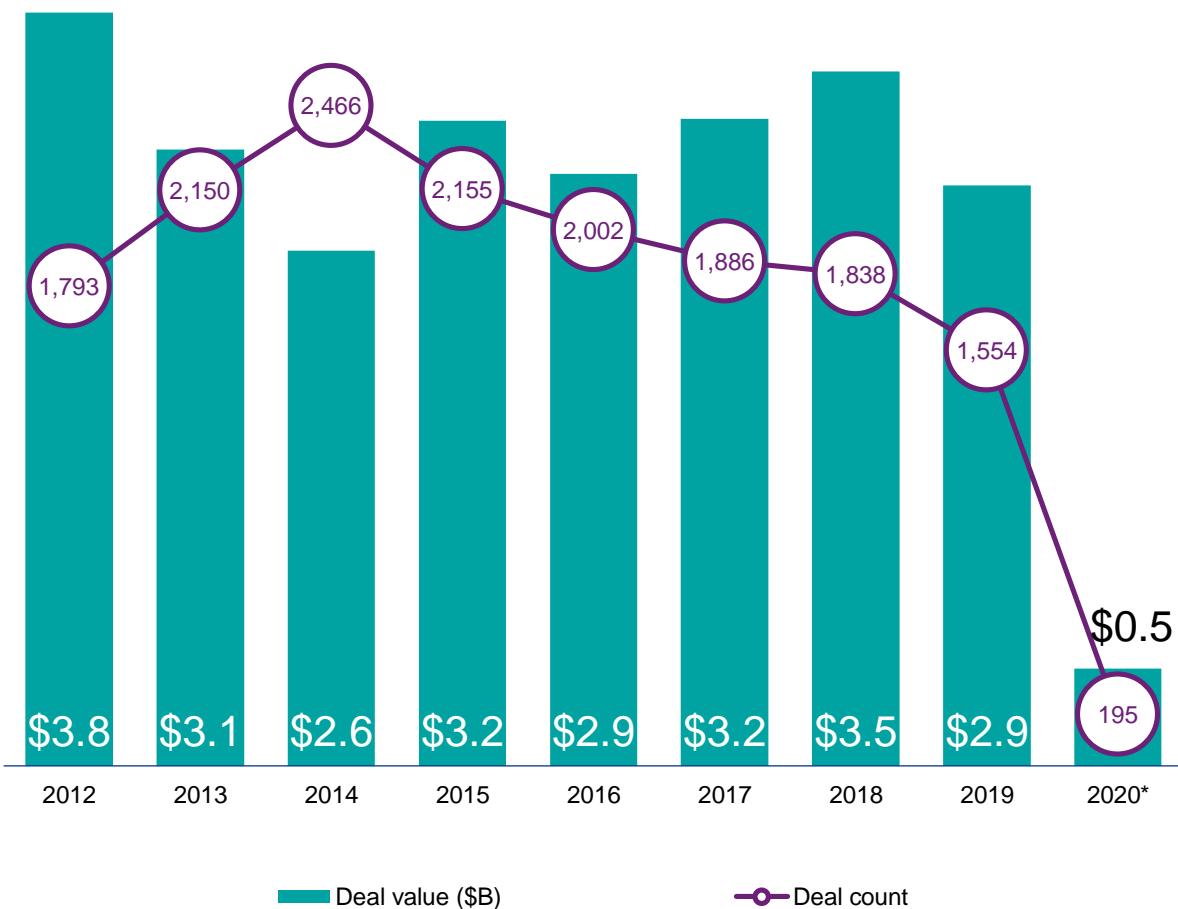
Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 4/21/20.

The rise in quarterly VC invested tallies with corporate participation was stark last year, culminating in an even higher tally in Q1 2020. As late-stage volume stayed steady, it is likely that supported corporate involvement given their usual focus areas. However, what remains to be seen is how corporate players may adjust their activity as the economic and financial fallout from COVID-19 begins to hit bottom lines.

First-time funding plummets in Q1

First-time venture financings of companies in Europe

2012–2020*



Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

Once again, a caveat must be noted: New business creation is notoriously difficult to track and, moreover, historical lags affect not only venture financing tracking, but also such figures (as, frankly, lagging affects all private financial and economic data). That being said, it is readily evident why first-time funding of companies recorded began to plummet precipitously throughout the duration of Q1, as the full impact of the coronavirus pandemic became apparent. 2020 is consequently likely to set a new record low in both volume and VC invested.

2020 starts off inauspiciously

Venture-backed exit activity in Europe

2012–Q1'20



Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 4/21/20.

Q1 2020 currently holds the record for the smallest tally of quarterly exit value in Europe going back to 2012's start. Even though lags could potentially be contributing, given the broader economic and market backdrops, and likely the COVID-19 impact, it is far likelier such a result is no aberration. Consequently, 2020 may end up being one of the weaker years on record even should a recovery hopefully come about.

IPOs & buyouts vanish

Venture-backed exit activity (#) by type in Europe

2012–2020*

700

600

500

400

300

200

100

0

2012 2013 2014 2015 2016 2017 2018 2019 2020*

■ Strategic Acquisition ■ Buyout ■ IPO

Venture-backed exit activity (\$B) by type in Europe

2012–2020*

\$70

\$60

\$50

\$40

\$30

\$20

\$10

\$0

2012 2013 2014 2015 2016 2017 2018 2019 2020*

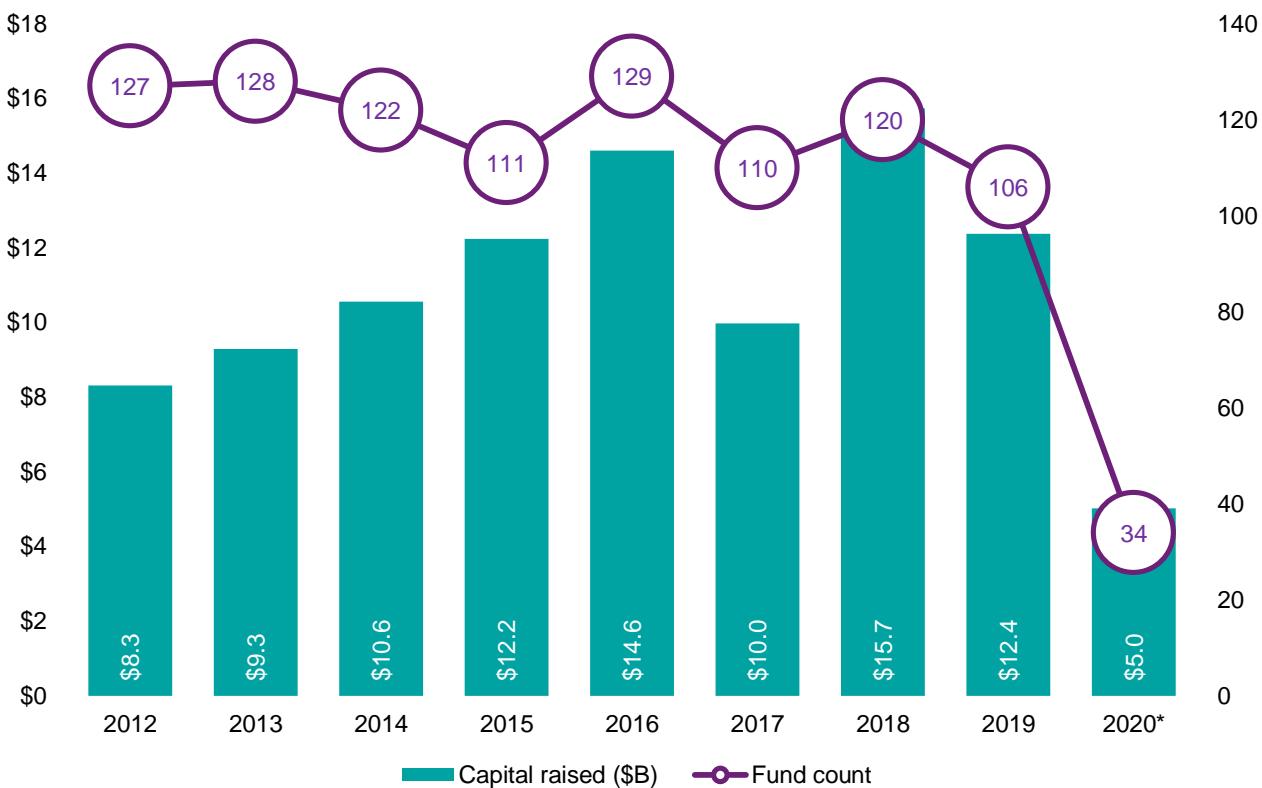
■ Strategic Acquisition ■ Buyout ■ IPO

Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

Fundraising records solid Q1

European venture fundraising

2012–2020*



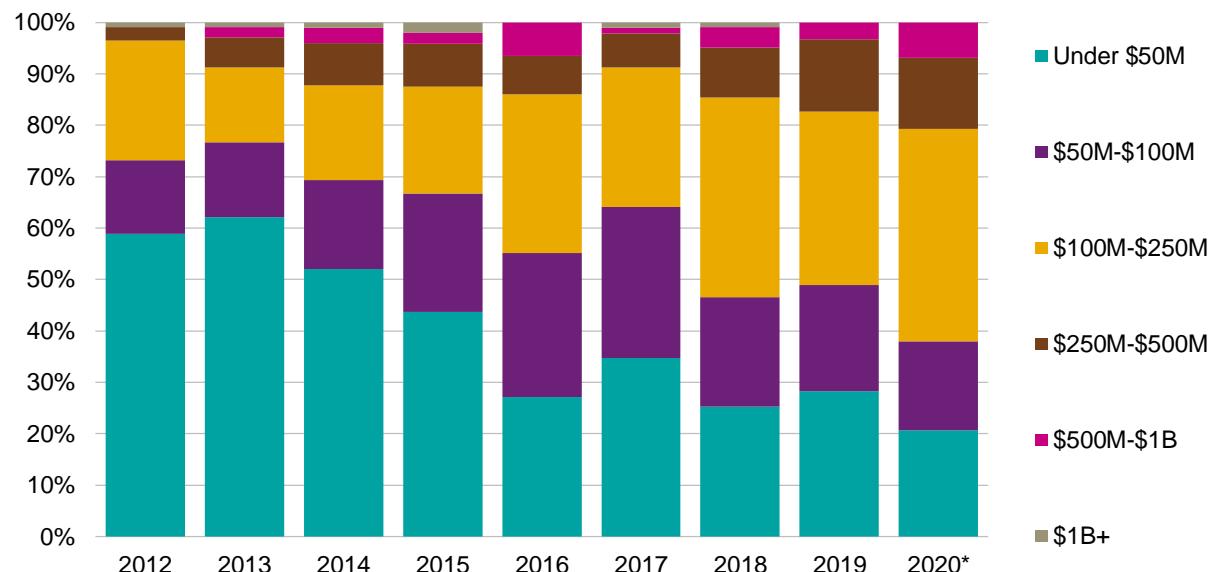
Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

The European fundraising scene is dominated by a smaller population of successful firms, which is why the continent still records very strong VC raised tallies even if volume has remained trending down. 2020 started off relatively strong, all things considered, although Q1 at the start of the year can be an outlier given fund manager's timing strategy. Going forward, the \$5 billion amassed should provide plenty of fuel for fund managers should they be able to navigate the increasingly complex landscape.

Primarily larger funds close in Q1

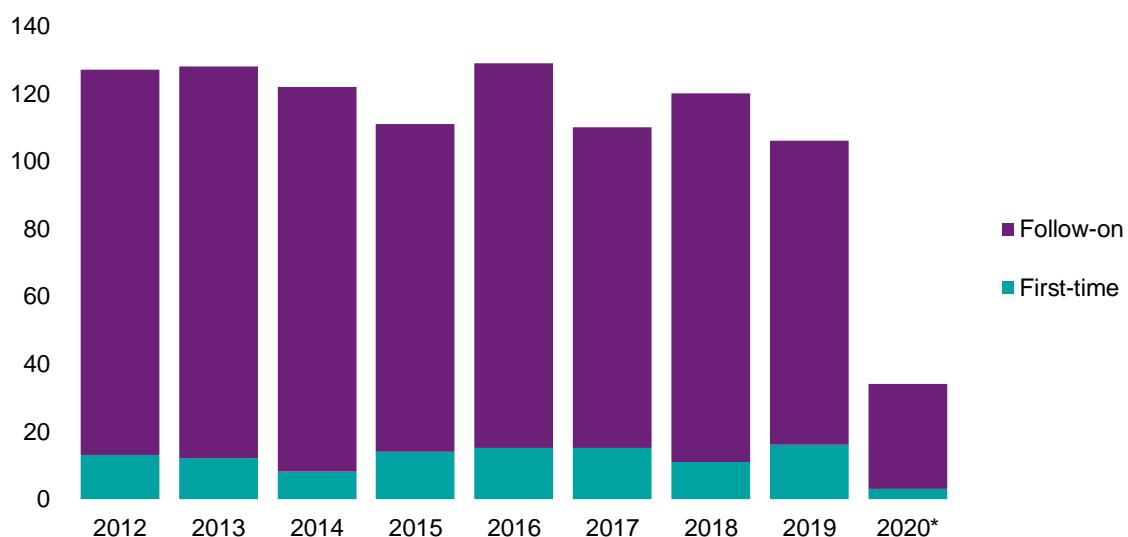
Venture fundraising (#) by size in Europe

2012–2020*



First-time vs. follow-on venture funds (#) in Europe

2012–2020*

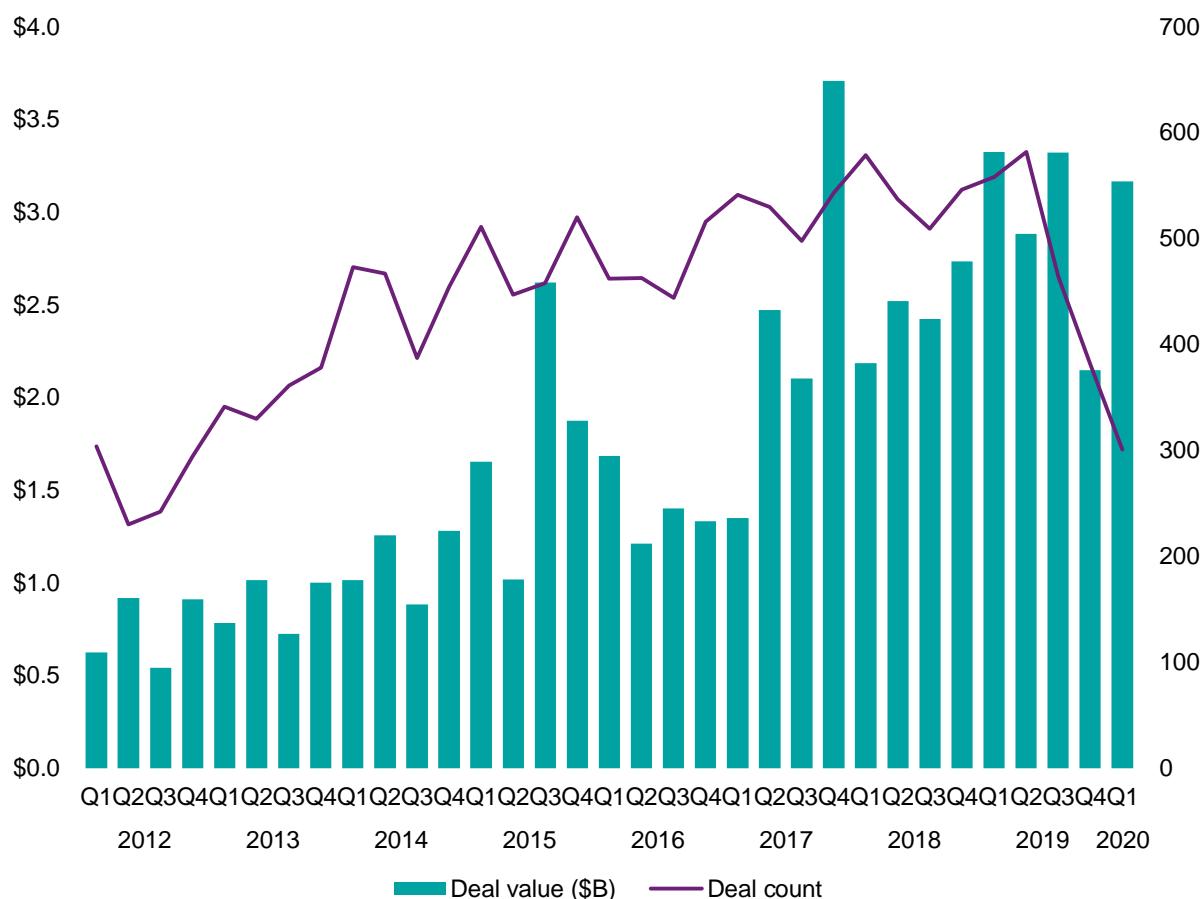


Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

Q1 2020 resurges before impacts may occur

Venture financing in the United Kingdom

2012–Q1'20



Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

“VC investors recognize the strength of the UK scale up ecosystem particularly in areas like fintech and biotech. We continue to see a drop in deal volumes, especially with early stage businesses — a trend that you cannot help feel will continue in a post Covid19 world.”



Tim Kay

Director, KPMG Private Enterprise

KPMG in the UK

London once again sees divergence

Venture financing in London

2012–Q1'20



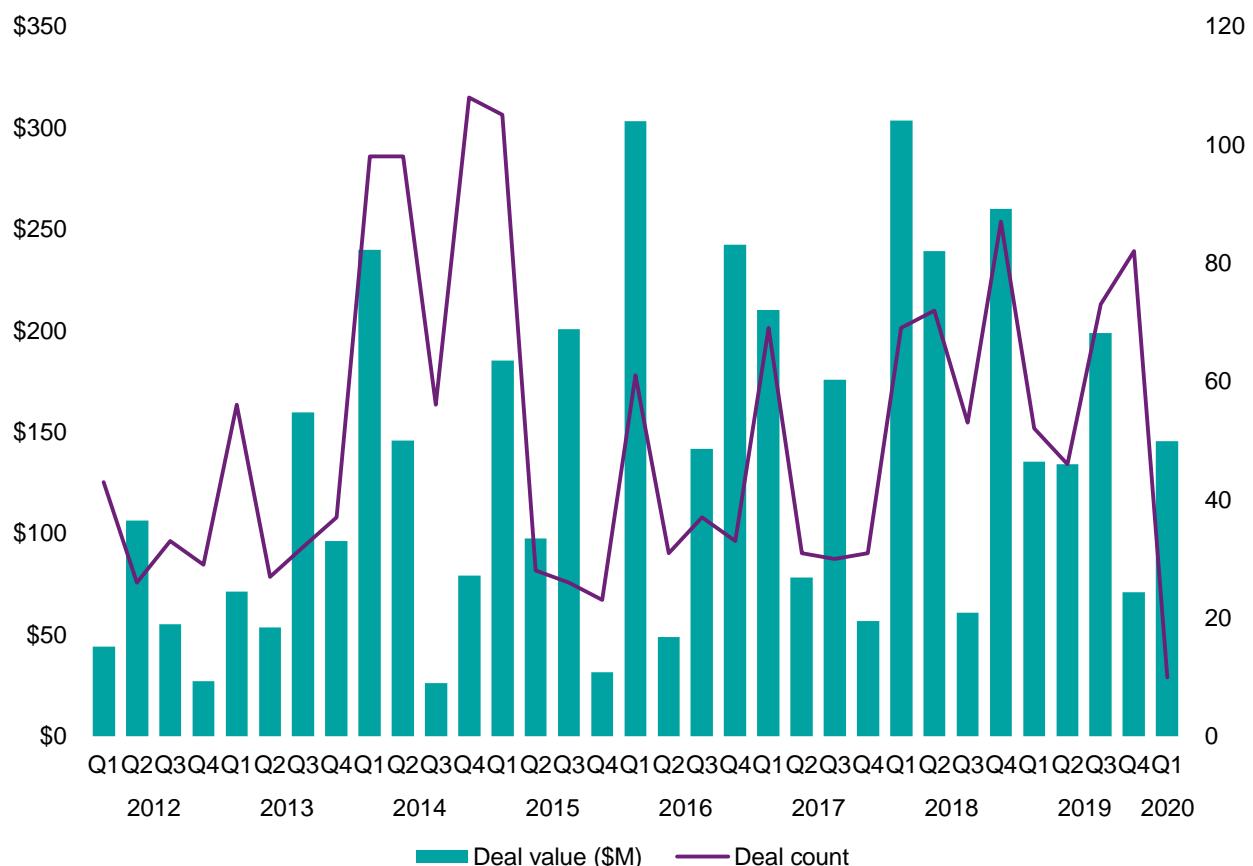
Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

The resurgence in VC invested in Q1 2020 coincided with another quarter-over-quarter decline in the tally of deals closed. While trends were heading downward even prior to the impact of COVID-19, it remains to be seen how much further a drop may take the London ecosystem, given that it is a strong global hub and resilient aspect of economy in the UK.

Ireland's VC scene remains as variable as ever

Venture financing in Ireland

2012–Q1'20



Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

The Irish venture ecosystem once again saw significant variability in both venture volume and capital invested, although the resurgence in the latter is primarily due to the \$80 million raise by business/productivity software developer Fenergo.

“Young startups are going to be hit particularly hard by the current situation because they are more high risk and come with a much longer lead time before we can see their products and services getting to the market. I think there is a very significant risk that early stage companies are going to miss out on the opportunity to get funded.”

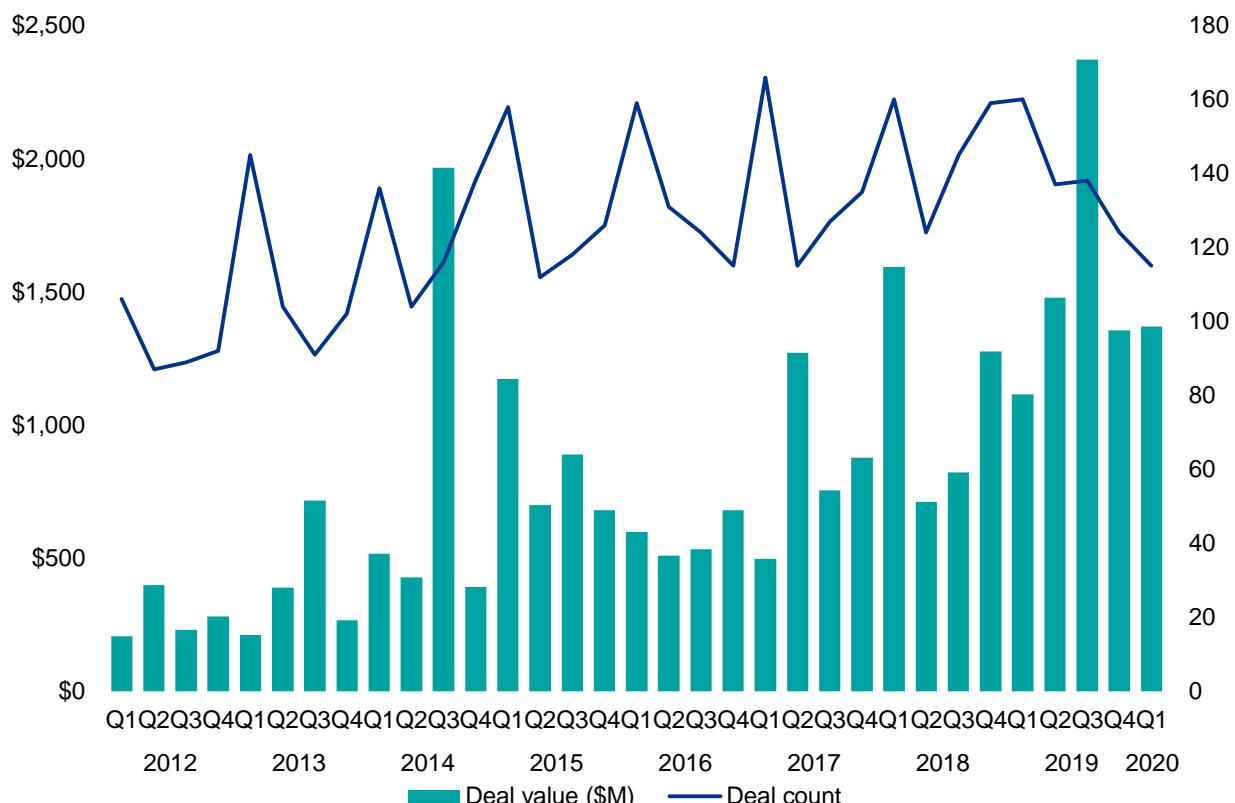


Anna Scally
Partner, Head of Technology and Fintech Lead,
KPMG in Ireland

Q1 proves steady in Germany

Venture financing in Germany

2012–Q1'20



Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

The Germany venture ecosystem has held steady in terms of capital attracted for some quarters now, even experiencing a record single quarter toward the end of 2019. Volume has trended downward, however not by much relative to historical tallies. Q1 2020 clearly was not impacted overmuch by increasing concerns or fallout from COVID-19.

“In January and February, Germany had a very strong venture capital market. Due to corona crisis, many companies will be pausing their investments and looking to manage the impact of COVID-19 on their organization or their portfolio companies. Further investments will also be dependent on the access and use of government grants, which is provided by German institutions to tackle the crisis for startups.”

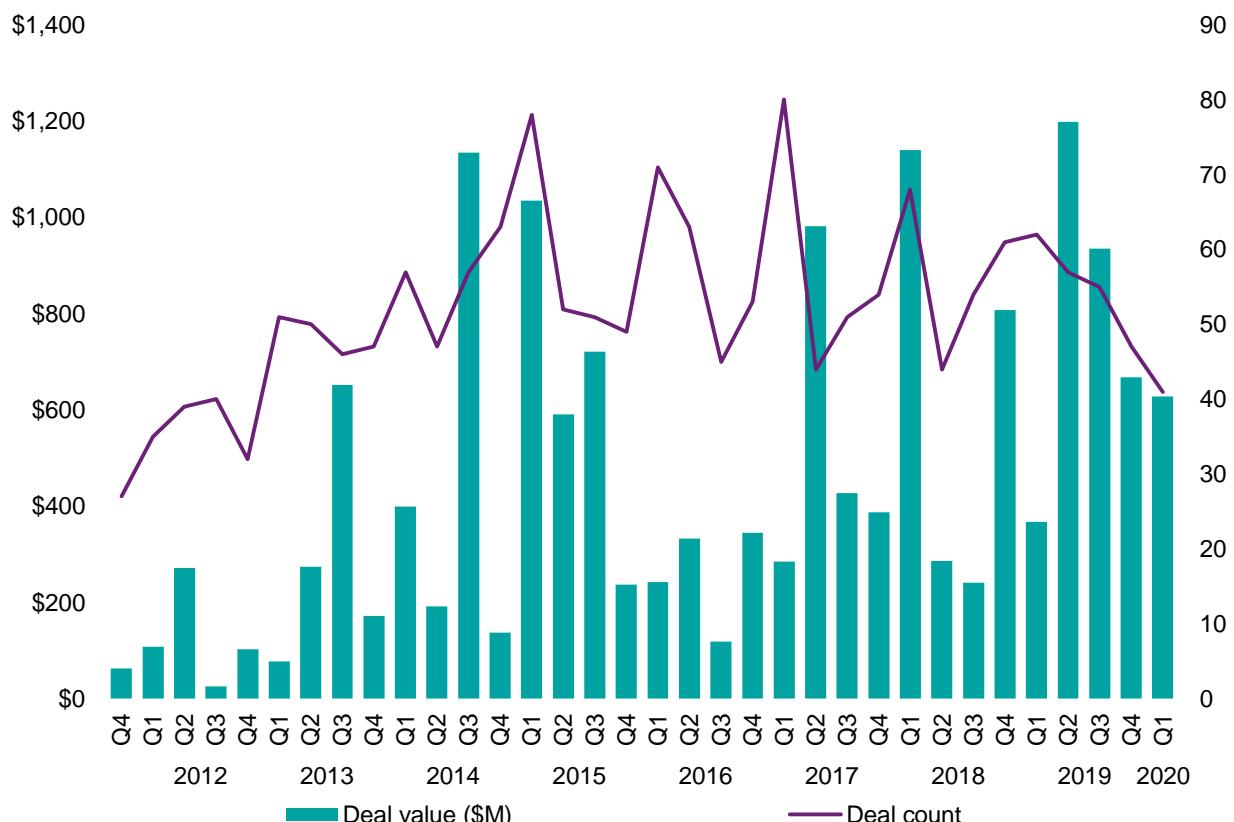


Dr. Ashkan Kalantary
Partner, Deal Advisory Venture Services
KPMG in Germany

Berlin sees volume slide as capital still flows

Venture financing in Berlin

2012–Q1'20



Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

Although not as steep as the decline between Q3 and Q4 2019, the fourth consecutive down quarter for Berlin venture activity is intriguing, potentially hinting at a focus by VCs on later-stage fundings given the healthy tallies of VC invested, or perhaps a shuffle toward safety. That may turn into a stampede once the full impacts of the oncoming pandemic are realized.

“Over the next month or two, VC investors will likely need to decide whether to provide additional financing to help startups bridge the pandemic. In order to do this, they will need to make some very hard decisions as to whether specific business models will be able to survive COVID-19. The future could look radically different from the past, so VC investors will likely be very cautious with their decision making.”



Tim Dümichen
Partner
KPMG in Germany

Spain sees stark drop to start 2020

Venture financing in Spain

2012–Q1'20



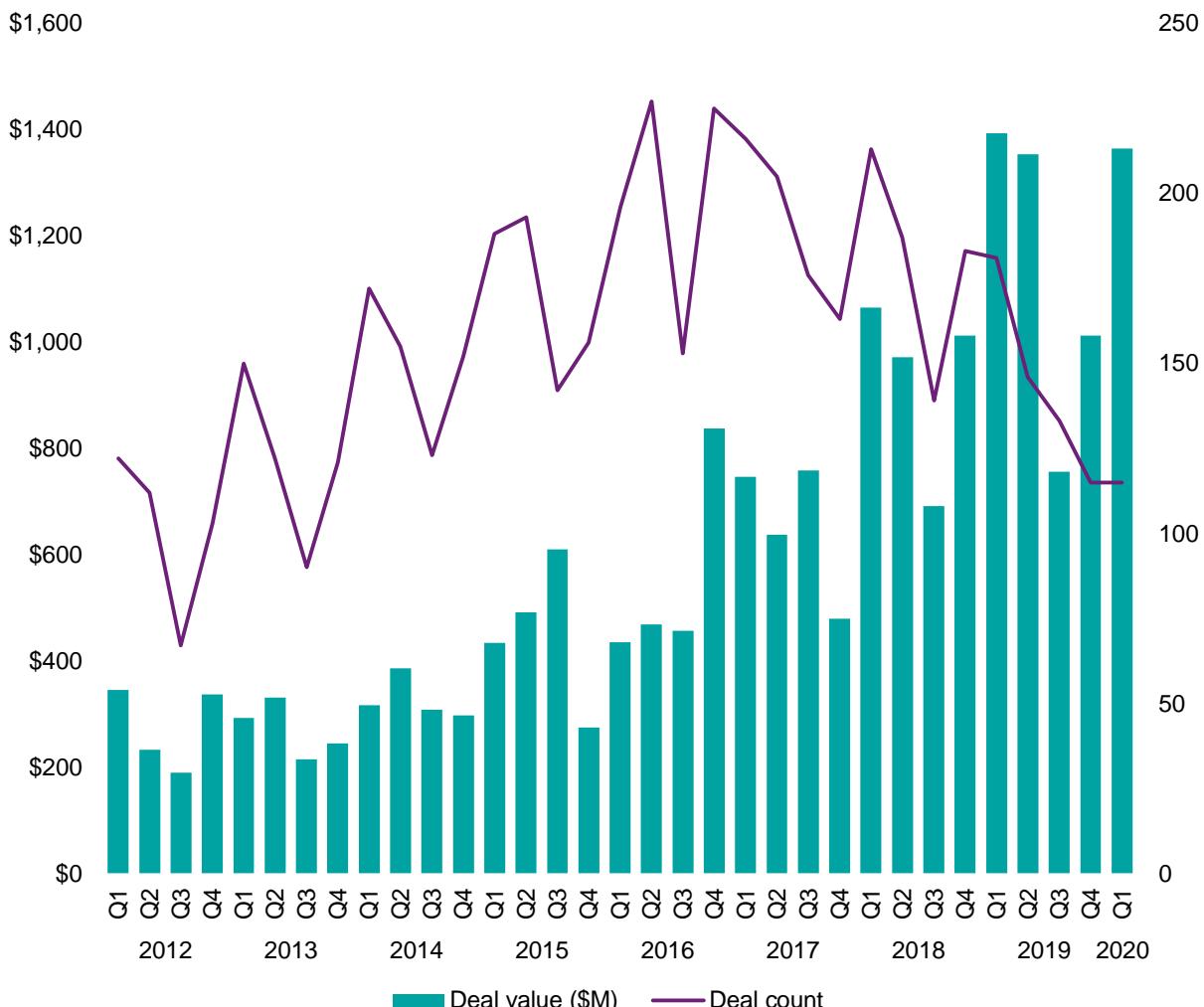
Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

As of the start of April 2020, Spain remains one of the nations hardest hit by COVID-19. Even though that intensified very recently as of the time of this publication, it is difficult to see how that did not take a toll on the rate of venture funding in Q1, especially relative to historical norms.

France sees mega-rounds in Q1

Venture financing in France

2012–Q1'20



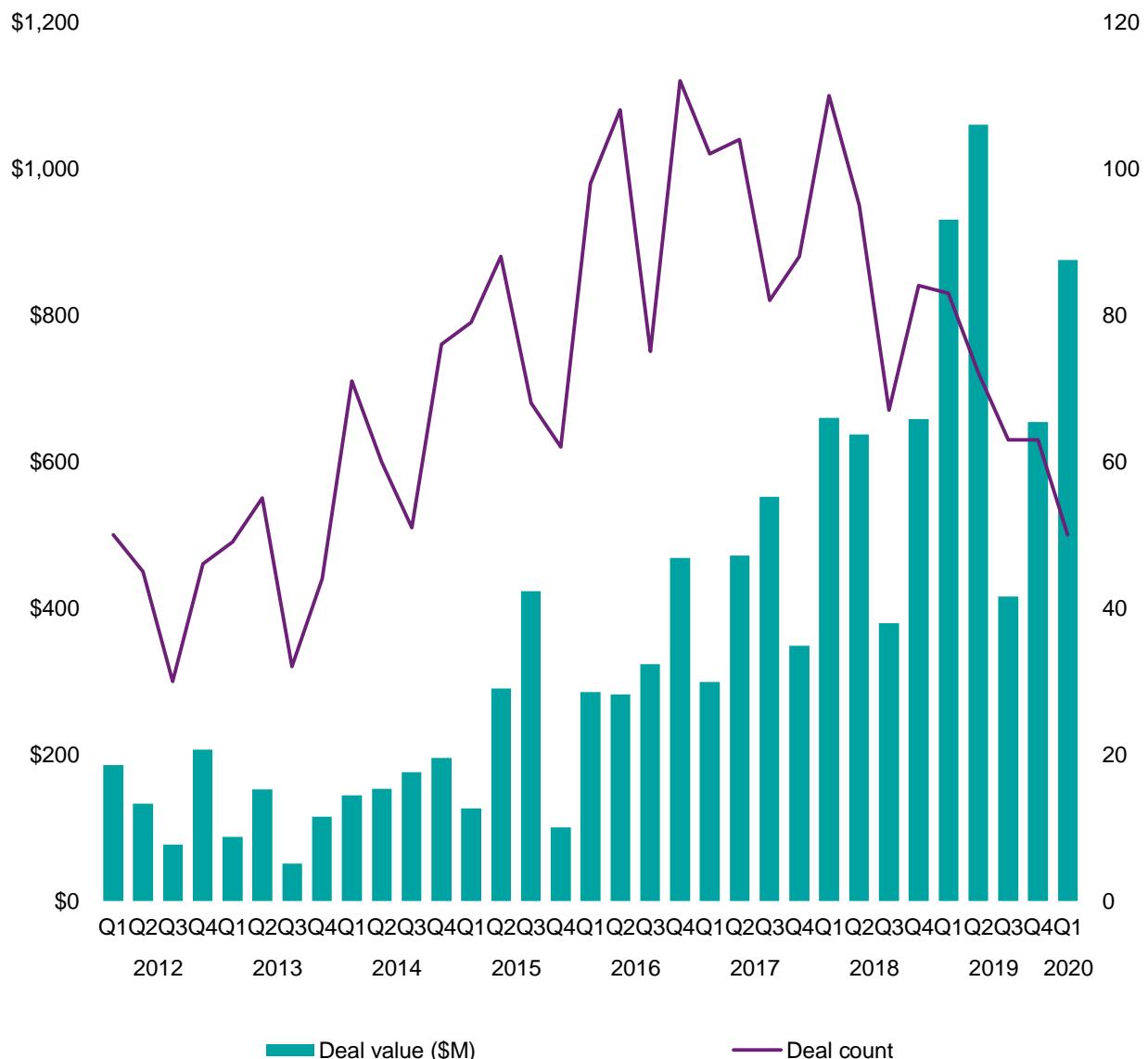
Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

The past two years have seen a boom in VC invested for France as a bevy of companies matured and continued to rake in large late-stage rounds. That trend carried through into Q1 2020, with no fewer than four companies pulling in rounds of at least \$100 million or more, even as volume stayed steady. Now, it remains to be seen how much of an impact the full fallout from the COVID-19 pandemic may make.

Q1 resurges before any impact transpires

Venture financing in Paris

2012–Q1'20

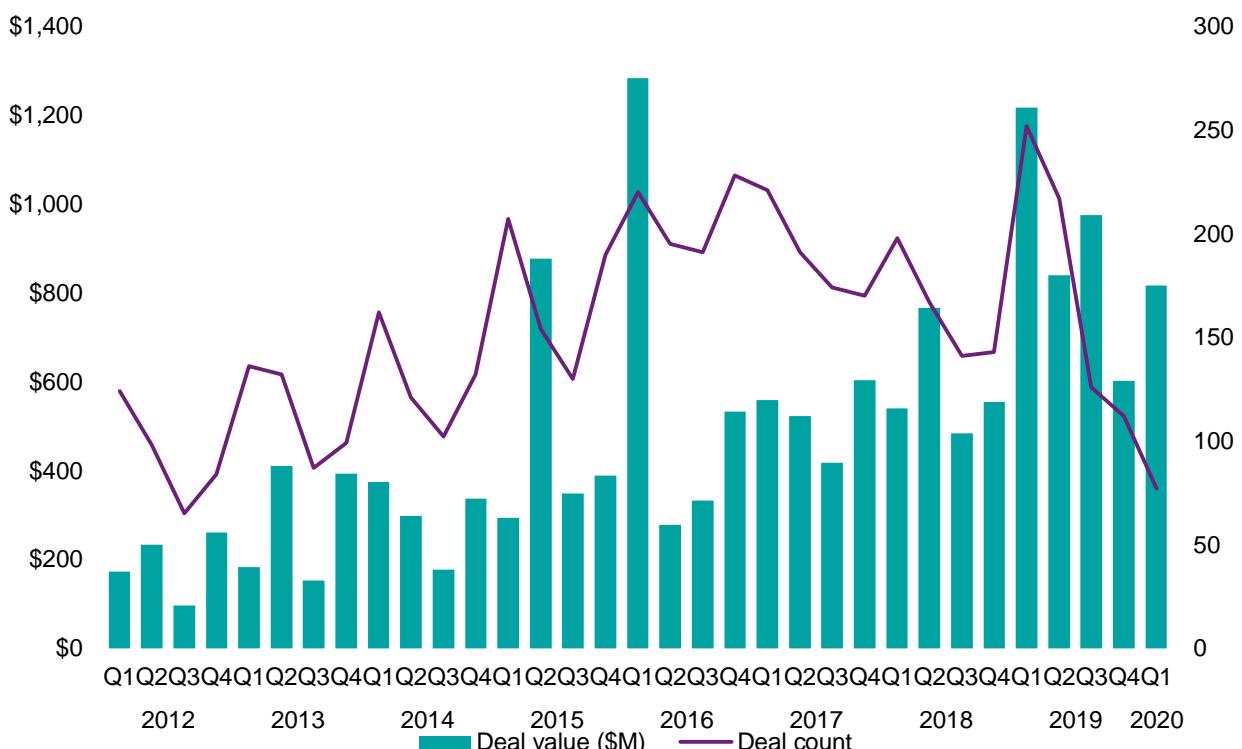


Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

Late-stage companies boost VC invested

Venture financing in the Nordics

2012–Q1'20



Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

The Nordics venture ecosystem turned in some intriguing results for 2019, with mega-rounds bolstering VC invested totals even as volume collapsed. That trend held steady into the first quarter of 2020, with Klarna and KRY both cracking the top 10 venture financings in Europe by size for the period. It remains to be seen whether and on what terms such rounds can still close even given an environment increasingly rife with uncertainty.

“Most startups in the Nordics will be somehow affected by COVID-19. Companies at the scaling phase might be severely limited in terms of their ability to do so with many borders closed, people not spending as much, corporations being busy with their own crisis management and weakened ability to conduct face-to-face sales. Attracting later-stage funding for growth could also be difficult at least over the next quarter or two with international investment and CVC activity expected to slow down and VC investors potentially needing to prioritize bridge rounds for companies already in their portfolio.”

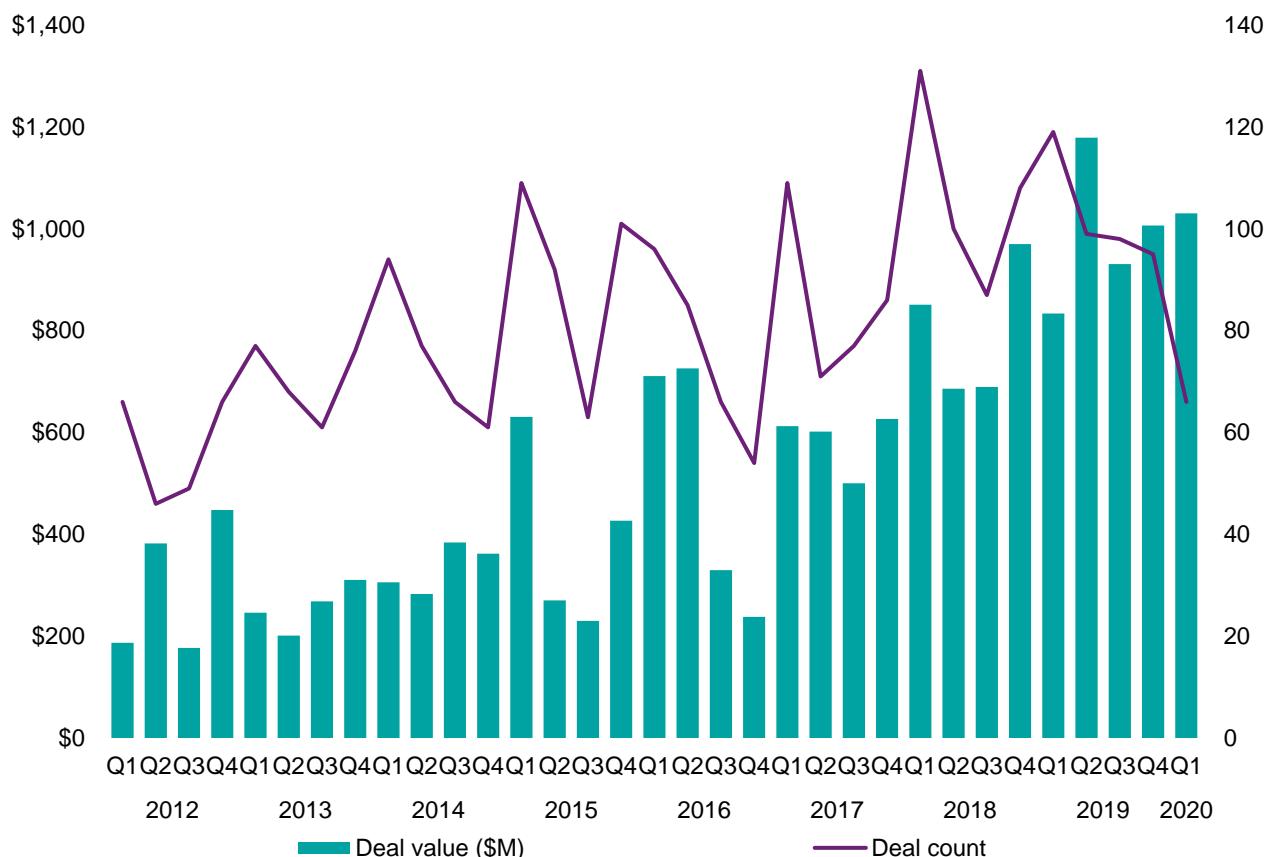


Jussi Paski
Head of Startup Services
KPMG in Finland

Second-highest VC invested as volume drops

Venture financing in Israel

2012–Q1'20



Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 3/31/20. Data provided by PitchBook, 4/21/20.

"In Q1 2020, when COVID-19 emerged, we have been seeing a number of VCs in Israel supporting their promising portfolio companies by infusing cash, in order to avoid the need to perform fund raisings rounds based on significantly declined valuations. Whether this will be sustainable if the crisis extends for a lengthy period of time is a key question, but for the short-term it could help mature startups avoid the need to fundraise at a particularly inopportune time."



Dina Pasca-Raz
Partner,
KPMG in Israel

Q1 sees geographically diverse top fundings



Top 10 financings in Q1'20 in Europe

1	Revolut — \$500M, London Financial software <i>Series D</i>	6	Immunocore — \$168.5M, Abingdon Biotechnology <i>Series B</i>
2	Lilium — \$240M, Wessling Air <i>Early-stage VC</i>	7	Frontier Car Group — \$168M, Berlin Consumer products <i>Series D</i>
3	AppsFlyer — \$210M, Herzlia Business/productivity software <i>Series D</i>	8	KRY — \$155.9M, Stockholm Healthtech <i>Series C</i>
4	Klarna — \$200M, Stockholm Financial software <i>Late-stage VC</i>	9	LumiraDx — \$151.8M, London Healthtech <i>Early-stage VC</i>
5	Colonies — \$196.6M, Paris Real estate technology <i>Early-stage VC</i>	10	Graphcore — \$150M, Bristol Semiconductors <i>Series D2</i>

Source: Venture Pulse, Q1'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 4/21/20.

KPMG Private Enterprise Emerging Giants Network. From seed to speed, we're here throughout your journey



Contact us:

Conor Moore
Co-Leader, KPMG Private Enterprise
Emerging Giants Network
E: conormoore@kpmg.com

Kevin Smith
Co-Leader, KPMG Private Enterprise
Emerging Giants Network
E: kevin.smith@kpmg.co.uk

About KPMG Private Enterprise

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Jonathan Lavender, Global Head, KPMG Private Enterprise, KPMG International

Conor Moore, Co-Leader, KPMG Private Enterprise Emerging Giants Network, KPMG International and National Partner, KPMG Private Enterprise Practice, KPMG in the US

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Egidio Zarrella, Head of Clients and Innovation Partner, KPMG China

Irene Chu, Head of New Economy and Life Sciences, Hong Kong Region, KPMG China

Lindsay Hull, Director, KPMG Private Enterprise Emerging Giants Network, KPMG in the US

Melany Eli, Director, Marketing and Communications, KPMG Private Enterprise, KPMG International

Nitish Poddar, Partner and National Leader, Private Equity, KPMG in India

Raphael Vianna, Director, KPMG in Brazil

Sunil Mistry, Partner, KPMG Private Enterprise, Technology, Media and Telecommunications, KPMG in Canada

Tim Dümichen, Partner, KPMG in Germany

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Methodology

KPMG uses PitchBook as the provider of venture data for the Venture Pulse report.

Please note that the MESA and Africa regions are NOT broken out in this report. Accordingly, if you add up the Americas, Asia-Pacific and Europe regional totals, they will not match the global total, as the global total takes into account those other regions. Those specific regions were not highlighted in this report due to a paucity of datasets and verifiable trends.

In addition, particularly within the European region, the Venture Pulse does not contain any transactions that are tracked as private equity growth by PitchBook. As such rounds are often conflated with late-stage venture capital in media coverage, there can be confusion regarding specific rounds of financing. The key difference is that PitchBook defines a PE growth round as a financial investment occurring when a PE investor acquires a minority stake in a privately held corporation. Thus, if the investor is classified as PE by PitchBook, and it is the sole participant in the recipient company's financing, then such a round will usually be classified as PE growth, and not included in the Venture Pulse datasets.

Also, if a company is tagged with any PitchBook vertical, excepting manufacturing and infrastructure, it is kept. Otherwise, the following industries are excluded from growth equity financing calculations: buildings and property, thrifts and mortgage finance, real estate investment trusts, and oil & gas equipment, utilities, exploration, production and refining. Lastly, the company in question must not have had an M&A event, buyout, or IPO completed prior to the round in question.

Fundraising

PitchBook defines venture capital funds as pools of capital raised for the purpose of investing in the equity of startup companies. In addition to funds raised by traditional venture capital firms, PitchBook also includes funds raised by any institution with the primary intent stated above. Funds identified 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 is domiciled, if that information is not explicitly known, the HQ country of the fund's general partner is used. Only funds based in the US 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.

Deals

PitchBook includes 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, venture capital firms, corporate venture firms and corporate investors. 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. The impact of initial coin offerings on early-stage venture financing as of yet remains indefinite. Furthermore, as classification and characterization of ICOs, particularly given their security concerns, remains crucial to render accurately, we have not detailed such activity in this publication until a sufficiently robust methodology and underlying store of datasets have been reached.

Angel/seed: PitchBook defines financings as angel rounds if there are no PE or VC firms involved in the company to date and it cannot determine if any PE or VC firms are participating. In addition, if there is a press release that states the round is an angel round, it is classified as such. If angels are the only investors, then a round is only marked as seed if it is explicitly stated.

Methodology, cont'd.

Early-stage: Rounds are generally classified as Series A or B (which PitchBook typically aggregates 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 PitchBook typically aggregates 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.

Corporate: Corporate rounds of funding for currently venture-backed startups that meet the criteria for other PitchBook venture financings are included in the Venture Pulse as of March 2018.

Corporate venture capital: Financings classified as corporate venture capital include rounds that saw both firms investing via established CVC arms or corporations making equity investments off balance sheets or whatever other non-CVC method actually employed.

Exits

PitchBook includes 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 the 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, with no estimation used to assess the value of transactions for which the actual deal size is unknown.

In this edition of the KPMG Venture Pulse, covering Q1 2019, PitchBook's methodology regarding aggregate exit values changed. Instead of utilizing the size of an IPO as the exit value, instead the prevaluation of an IPO, based upon ordinary shares outstanding, was utilized. This has led to a significant change in aggregate exit values, yet is more reflective of how the industry views the true size of an exit via public markets.

To connect with a KPMG Private Enterprise adviser in your region
email enterprise@kpmg.com

home.kpmg/venturepulse [website]
@kpmg [Twitter]



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