



Private Enterprise

# Venture Pulse

## Q1 2021

**Global analysis of venture funding**

April 21, 2021

# Welcome message

Welcome to the Q1'21 edition of KPMG Private Enterprise's *Venture Pulse* – a quarterly report highlighting the major trends, opportunities, and challenges facing the venture capital market globally and in key jurisdictions around the world.

The global VC market got off to a banner start in Q1'21, with record levels of VC investment globally and in Europe, the United States, and the Americas. Asia also saw robust VC investment, although the total remained well shy of the peak seen in Q2'18. The surge in VC funding was driven, in part, by a significant number of \$100 million+ deals in all jurisdictions, in addition to nine \$1 billion+ funding rounds, including Robinhood (\$3.4 billion) in the Americas, Xingsheng Selected (\$3 billion) in Asia, and Klarna (\$1 billion) in Europe.

Valuations rose in Q1'21 as many VC investors continued to shy away from early-stage deals in favour of later stage opportunities, with the fear of missing out contributing to both the fierce competition for deals and an acceleration in deal speed. Investments continued to focus on areas accelerated throughout the pandemic, including fintech, logistics and delivery, autotech and healthtech.

Exits continued to accelerate in Q1'21, with exit value reaching a new high for the second straight quarter, led by the \$4.5 billion IPO of South Korea-based e-commerce company

Coupage on the NYSE. SPACs also continued to attract significant interest. During the quarter a large number of SPACs were created, while interest in SPAC mergers grew among companies looking to go public more quickly than a traditional IPO.

Heading into Q2'21, VC investors will likely continue to make big deals – although there may be some shifting of focus as investors look to determine what companies and business models will thrive in a post-pandemic world.

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

- The diversity of VC deals attracting \$100 million+ funding rounds
- The resurgence in VC deal activity in Latin America
- Valuations and the rapid rise in unicorn births
- The flurry of interest in SPAC mergers – including outside of the US

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 adviser in your area.

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



**Conor Moore**  
Head of KPMG Private Enterprise in the Americas, Global Co-Leader — Emerging Giants, KPMG Private Enterprise Partner, KPMG in the US



**Kevin Smith**  
Head of KPMG Private Enterprise in EMA, Global Co-Leader — Emerging Giants, KPMG Private Enterprise Partner, KPMG in the UK

In Q1'21, **European** VC-backed companies raised  
**\$21.0B** across **1,430** deals

Europe-focused VC investment rose significantly in Q1'21, driven in part by a number of \$100 million+ funding rounds, including a \$1 billion+ raise by Sweden-based Klarna – in what was one of Europe's largest VC funding rounds ever.



## Bigger deals, more unicorn births

The median size of VC deals has grown in recent years, likely contributing to the growing number of unicorn companies across Europe. In Q1'21, Europe saw 19 unicorn births. While the UK (e.g., PPRO, Blockchain.com, Starling Bank), Germany (e.g., Mambo, Personio, Atai Life Services), and Israel (e.g., Melio, Earnix, Aqua Security) saw the majority of unicorn births, other countries also saw new unicorns, including Switzerland (Nextthink), France (Vestiaire Collective), Sweden (Epidemic Sound), Austria (BitPanda), and Turkey (Getir).



## Delivery services remain hot ticket, although Deliveroo's IPO could put focus on profitability

The food and grocery delivery sector in Europe saw several big deals in Q1'21, including a \$535 million raise by Wolt, a \$300 million raise by Getir<sup>11</sup>, a \$290 million raise by Gorillas, and a \$180 million pre-IPO funding round by Deliveroo. Deliveroo's much anticipated IPO on the last day of the quarter, however, was rocky; its share price dropped 26% in its debut, which could have a resonating impact on the industry heading into Q2'21<sup>12</sup>. It is likely that VC investors will take a much closer look at the sustainability and profitability of food and grocery delivery models in the future.



## Fintech attracts major VC investment in Europe

Interest in fintech continued to accelerate in Q1'21, along with valuations for fintechs. In addition to Klarna's raise, three UK based fintechs raised large rounds, including LendInvest (\$381 million), Checkout.com (\$450 million), and Rapyd (\$300 million). With its \$15 billion valuation, Checkout.com became the most valuable fintech company in Europe in January<sup>13</sup> before Klarna's raise put it at a \$31 billion valuation<sup>14</sup>. Interest in B2B was also high as corporates looked to leverage fintechs not only to digitize products and enhance their customer experience, but also to improve their general operations.



## Europe sees flurry of exit activity

Exit activity in Europe accelerated during Q1'21 – with 196 exits accounting for \$17 billion in exit value. This reflects a significant uptick in both exit activity and value given that 2020 saw 629 exits, with a total exit value of just \$25 billion.



## VC investment in UK maintains strength

VC investment in the UK remained robust in Q1'21, driven in part by investors looking to deploy a significant amount of dry powder. The UK government continued to focus on enhancing its competitiveness post Brexit, with several reviews released in Q1'21. The Hill Review recommended changes to attract investment in UK-based businesses and to encourage listings on the LSE, including modifying listing practices to allow for dual class shares<sup>15</sup>. The Khalifa Review, meanwhile, recommended changes to improve the UK's fintech sector<sup>16</sup>.

<sup>11</sup> <https://ca.news.yahoo.com/turkish-delivery-firm-getir-receives-120402051.html>

<sup>12</sup> <https://www.bbc.com/news/business-56578445>

<sup>13</sup> <https://www.btabloid.com/london-based-company-checkout-com-becomes-europes-most-valuable-fintech-firm/#:~:text=London%20based%20company%20Checkout.com%20becomes%20Europe%E2%80%99s%20most%20valuable,in%20an%20investment%20led%20by%20Tiger%20Global%20Management.>

<sup>14</sup> <https://www.cnbc.com/2021/02/25/klarna-to-raise-1-billion-at-31-billion-valuation.html>

<sup>15</sup> <https://www.bbc.com/news/business-56247739>

<sup>16</sup> <https://www.bbc.com/news/business-56204277>

# Large fintech deals help propel VC investment in Europe, cont'd.



## Germany sees record quarter of VC investment

VC investment in Germany rose to a new high in Q1'21 as investors remained focused on late-stage deals and follow-on investments. Interest in IPOs also increased, with a number of mature companies considering IPO and SPAC transactions. During Q1'21, car trading platform Auto1 held a very successful IPO, with its share prices rising 45% at opening<sup>17</sup>. During the quarter, Apple also announced plans to create a chip lab in Munich – an investment expected to strengthen the city's innovation ecosystem. The German government also quick-started its \$10 billion future fund – a new fund to help startups scale<sup>18</sup>.



## Nordics region continues to gain steam

The VC market in the Nordics region continued to show incredible strength in Q1'21 as later-stage companies continued to grow and attract larger funding rounds. In addition to Klarna's \$1 billion raise and Wolt's \$530 million raise, Sweden-based sound platform Epidemic Sound raised \$450 million during Q1'21. Corporate investment in the Nordics increased dramatically, reaching \$2.4 billion in Q1'21, compared to \$3.3 billion during all of 2020. During the quarter, Denmark-based consumer review site Trustpilot also raised \$655 million in its successful IPO on the LSE. Other later-stage companies in the region have also begun to consider IPO exits, with the largest expected to target foreign exchanges such as New York, London or Frankfurt.



## Israel sees flurry of SPAC interest in Q1'21

VC investment remained steady in Israel during Q1'21, with \$100 million+ funding rounds by DriveNets, Aqua Security, Optibus, and others. There was a flurry of interest in SPAC mergers in the quarter, with a number of Israel-based companies announcing plans to use a SPAC as a means to go public, including trading platform eToro<sup>19</sup> and digital ad company Taboola<sup>20</sup>.



## Ireland remains key focus for international corporates

After a strong Q4'20, VC investment in Ireland was relatively modest in Q1'21. Ireland did see a diversity of early-stage rounds, including food ordering platform Flipdish (\$48 million), Neurent Medical (\$25 million), EV charging company EasyGo (\$12) million, and GoContractor (\$4.5 million). International companies also continued to invest in Ireland; during Q1'21, Stripe, Intel, Workday, and HP Enterprises each announced new investments or expansion activities.



## Trends to watch for in Q1'21

VC and CVC investment in Europe is expected to remain robust in Q2'21, with more megadeals and large acquisitions potentially on tap. Interest in IPO and SPAC mergers is also expected to grow. Fintech, B2B services, business productivity, and cybersecurity will likely remain attractive to investors, while ESG is expected to continue to gain traction.

<sup>17</sup> <https://www.reuters.com/article/auto1-ipo-idUSL8N2KA2LE>

<sup>18</sup> <https://www.ipe.com/news/german-government-quick-starts-fund-with-10bn-for-future-tech/10051949.article>

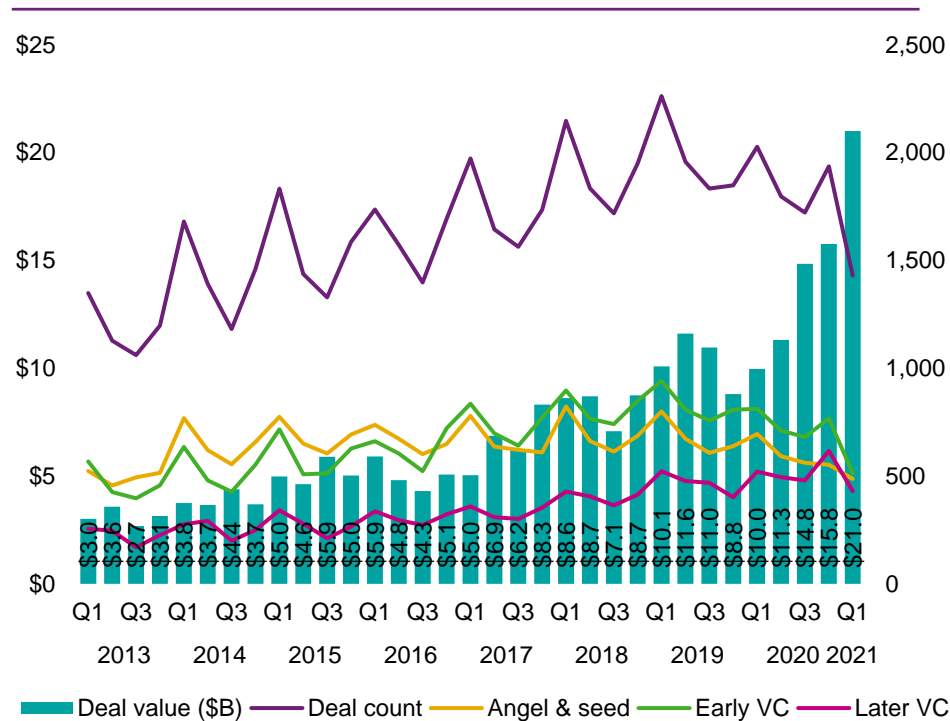
<sup>19</sup> <https://techcrunch.com/2021/03/16/trading-platform-etoro-to-go-public-via-spac-merger-in-10b-deal/>

<sup>20</sup> <https://www.cnbc.com/2021/01/25/digital-ad-firm-taboola-plans-to-go-public-via-spac.html>

# For the third time in a row, a new record in VC invested

## Venture financing in Europe

2013–Q1'21



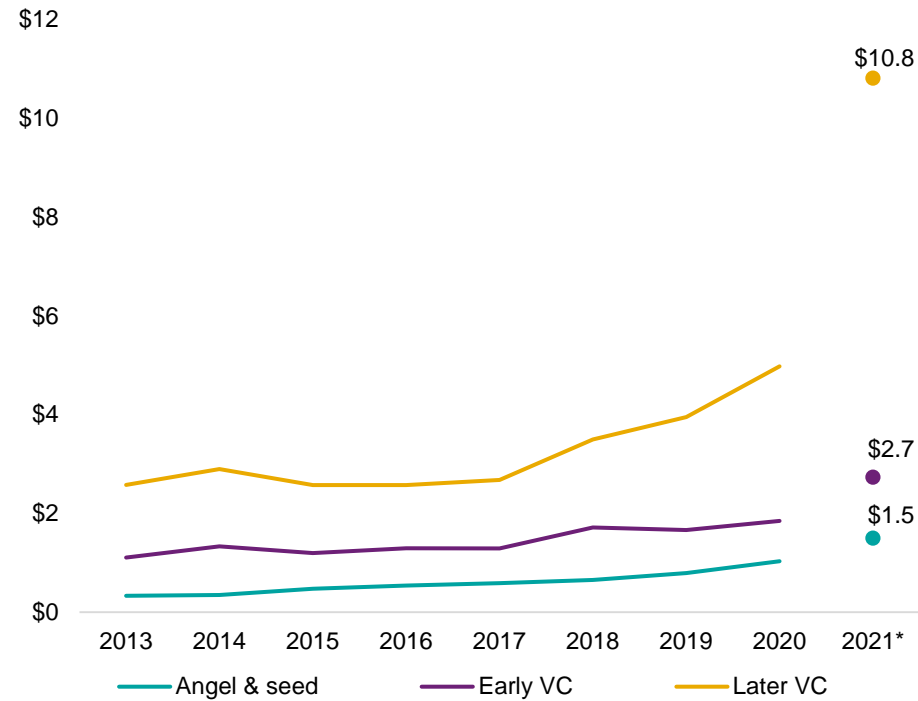
Thanks to a bevy of very large financings across a cluster of sectors, Q1 2021 marked the fifth straight quarter that the European venture ecosystem recorded an increase in VC invested, even as volume diminished slightly or remained choppy due to the ripple effects of the COVID-19 pandemic. This is a testament to the growing maturity of the European startup ecosystem, as more and more companies continue to grow to the stage they are able to command financings sized at hundreds of millions of dollars.

... the fifth straight quarter that the European venture ecosystem recorded an increase in VC invested, to a new, record high ...

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 21, 2021.  
 Note: Refer to the Methodology section at the end of this report to understand any possible data discrepancies between this edition and previous editions of Venture Pulse.

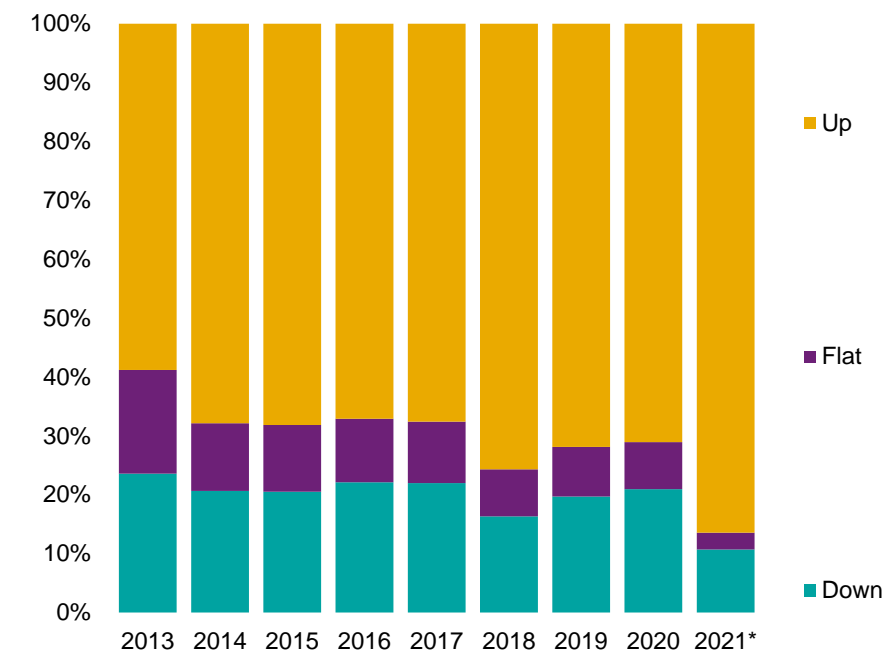
## Median deal size (\$M) by stage in Europe

2013–2021\*



## Up, flat or down rounds in Europe

2013–2021\*

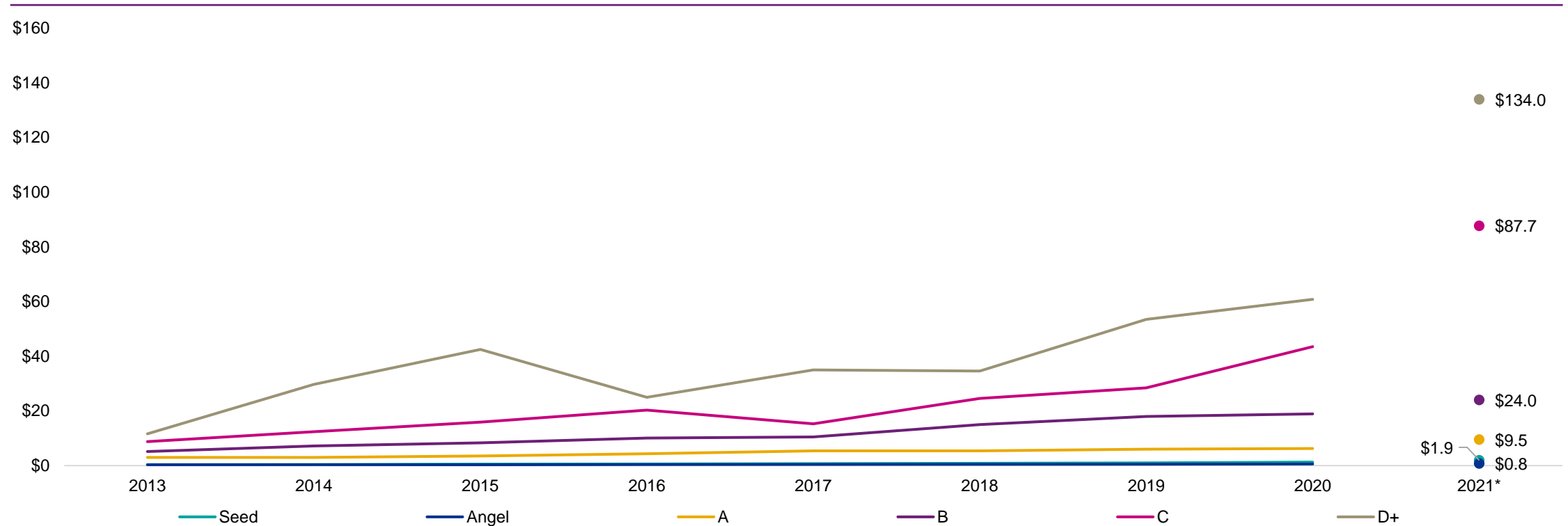


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

# The later stages more than double in size

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

2013–2021\*

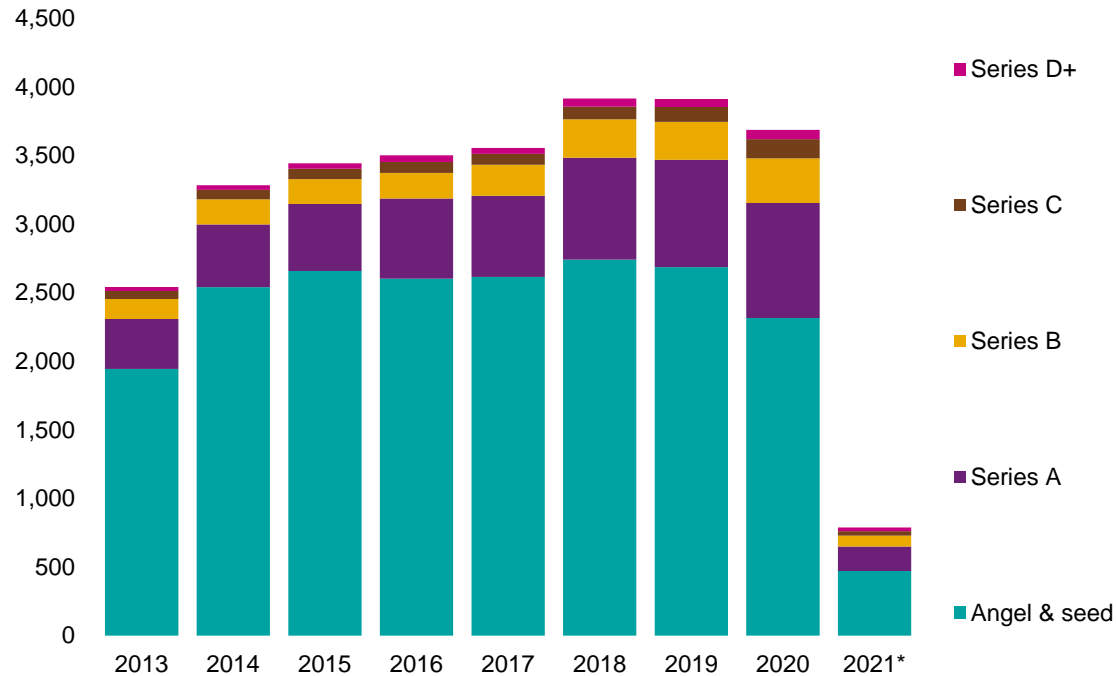


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021; the sample size for the Series D+ value in 2013 is based on a sample size of n = 25. Data provided by PitchBook, April 21, 2021.



## Deal share by series in Europe

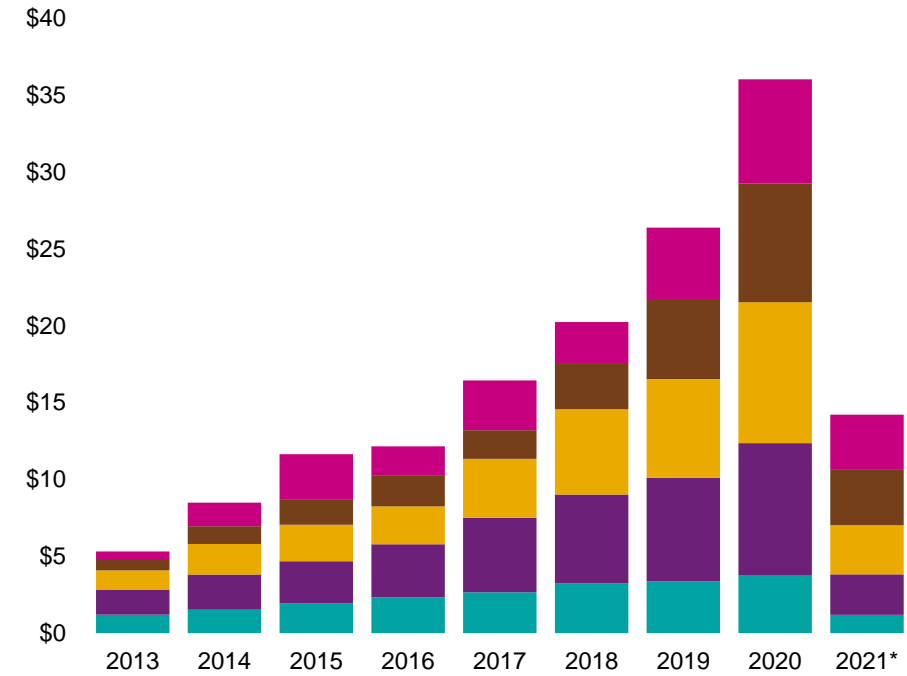
2013–2021\*, number of closed deals



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

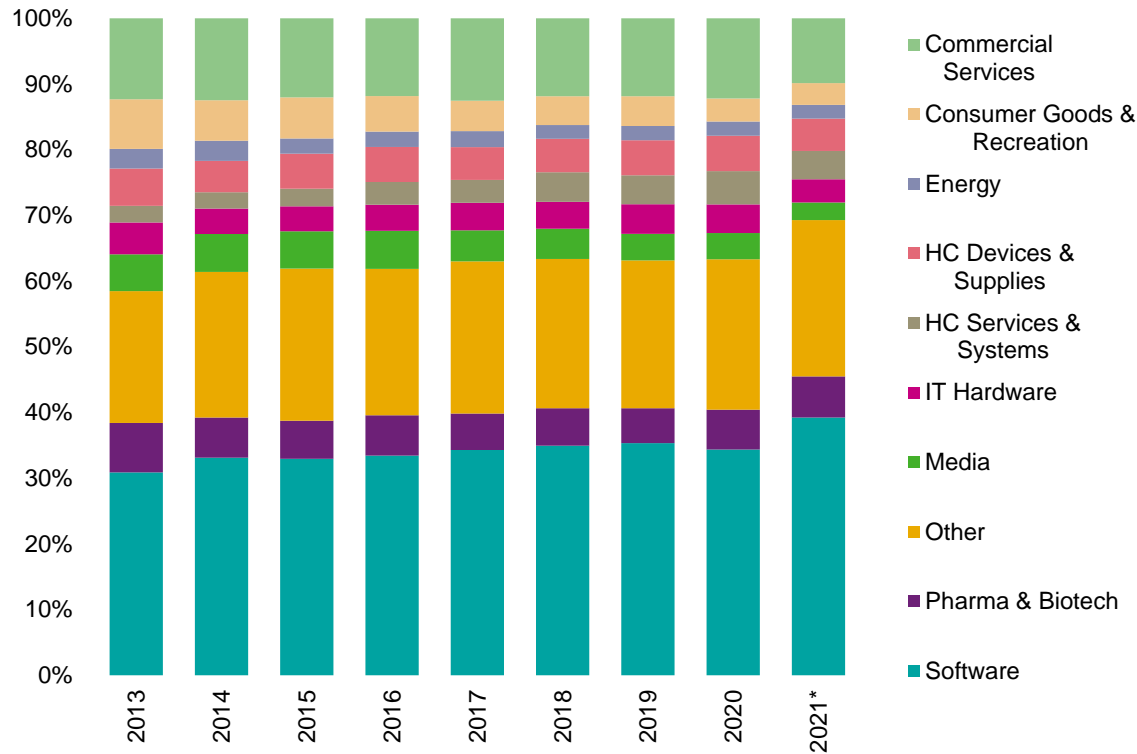
## Deal share by series in Europe

2013–2021\*, VC invested (\$B)



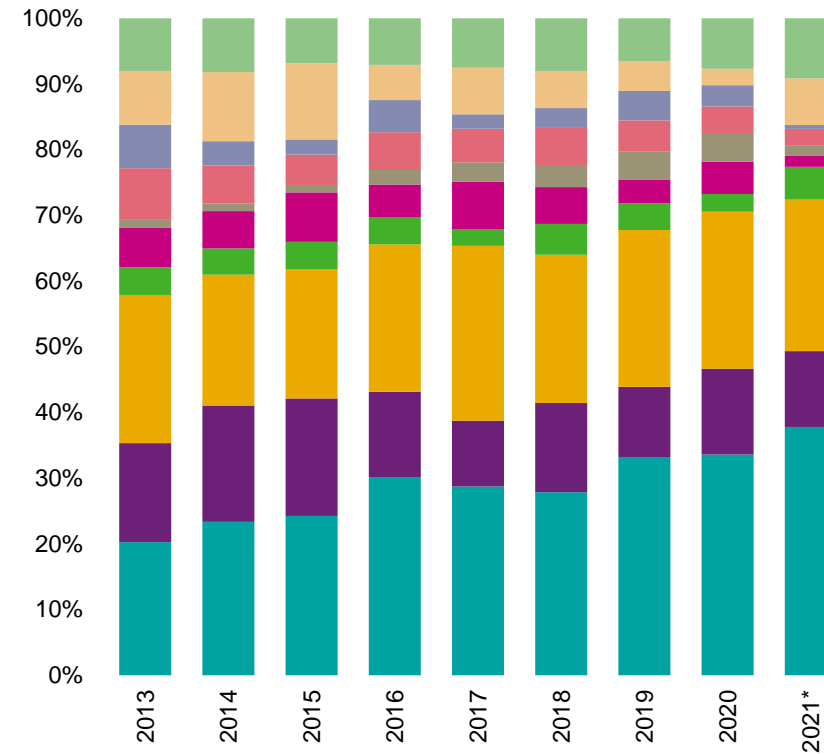
## European venture financings by sector

2013–2021\*, number of closed deals



## European venture financings by sector

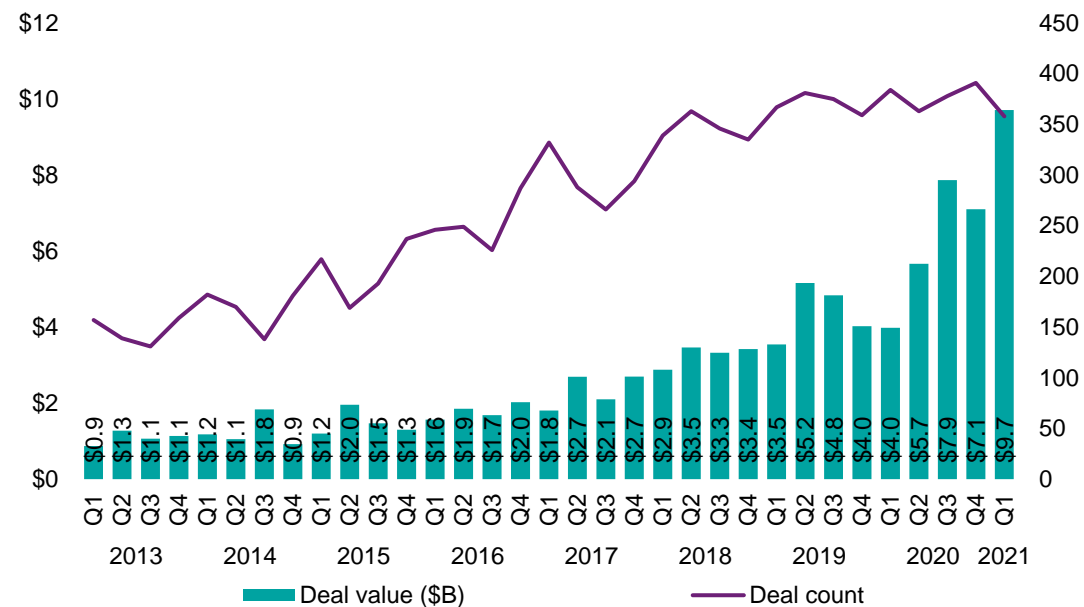
2013–2021\*, VC invested (\$B)



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

## Corporate VC participation in venture deals in Europe

2013–Q1'21

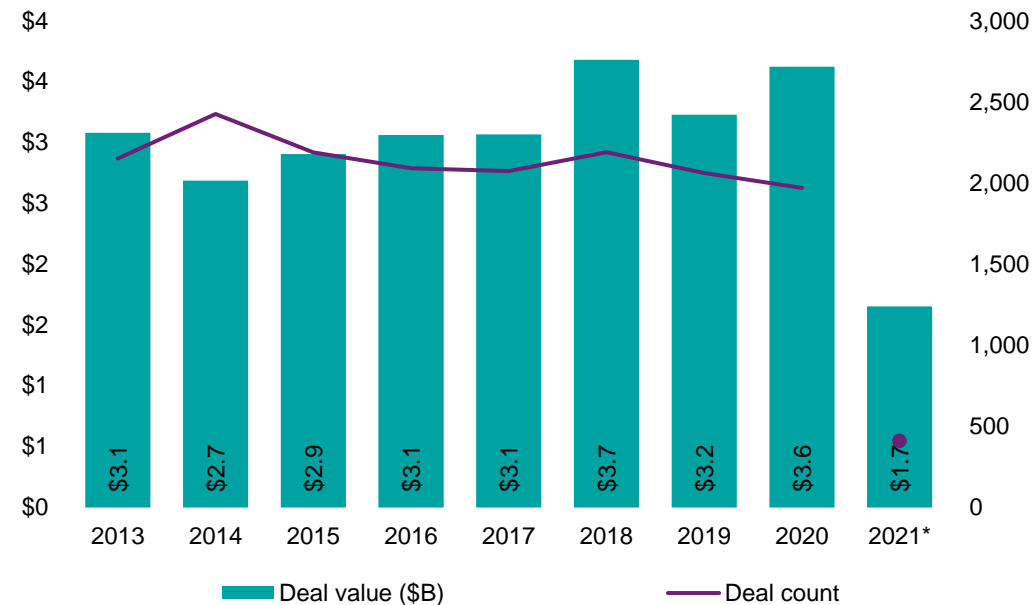


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 21, 2021.

The rise in quarterly VC invested tallies with corporate participation has been one of the decade's more consistent trends across the European venture ecosystem, and a key linchpin to the continent's growth in venture volume overall. They remained active at an elevated level in Q1, but participated in a new record for aggregate VC invested, more due to joining in some of the largest rounds in the quarter than anything else.

## First-time venture financings of companies in Europe

2013–2021\*



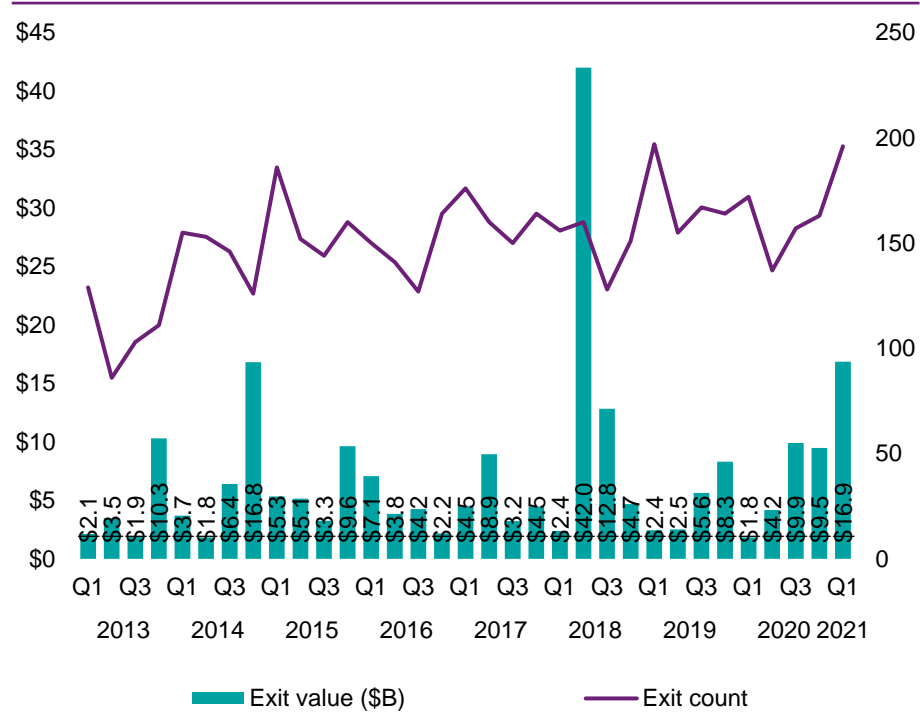
Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Once again, a caveat must be noted: In a complex environment such as Europe, first-time fundings may take longer to be ascertained and confirmed. However, 2021 has started off remarkably strong for even this nascent cohort of companies, with a mammoth \$1.7 billion in VC invested across just over 400+ financings. This bodes well for future funding given investors' clear optimism.

# Exits surge in Q1 2021 to one of the highest levels on record

## Venture-backed exit activity in Europe

2013–Q1'21

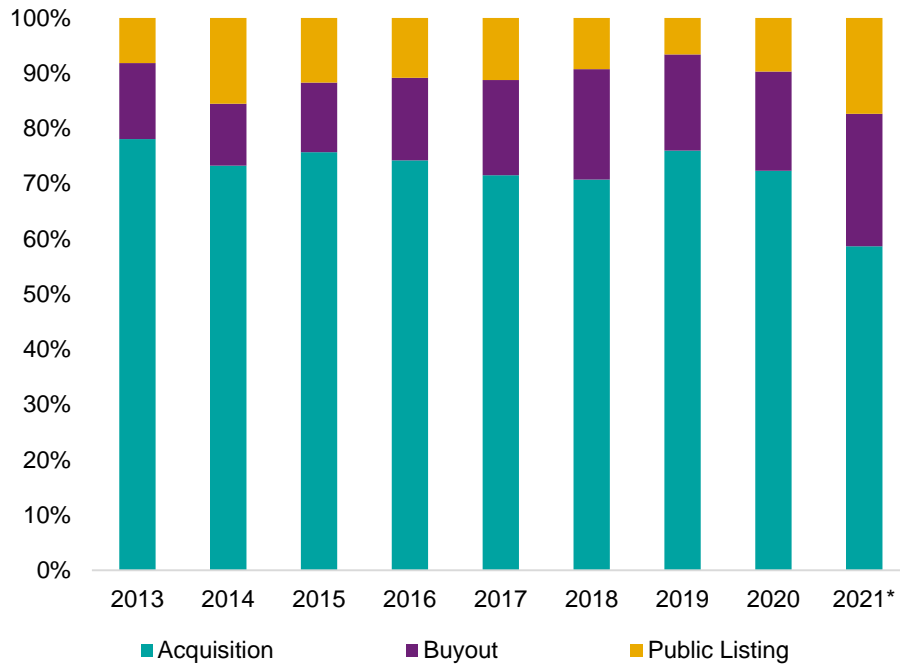


Aggregate exit value surged in the back half of 2020, but 2021 is off to an even stronger start. Just shy of 200 exits closed, accounting for \$16.9 billion in aggregate exit value. This bodes very well for recycling of capital back into the startup and venture ecosystem overall, even if exit value is driven by a handful of larger liquidity events.

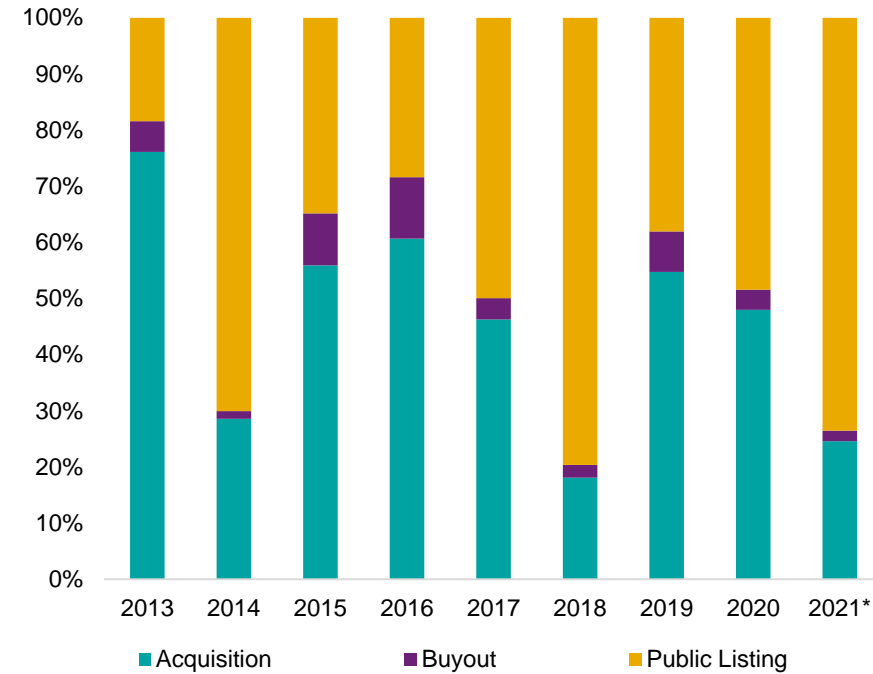
... with **three robust quarters of exit volume and value** in a row, there is likely to be **more capital recycling** back into the broader **European ecosystem** in coming years.

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 21, 2021.

**Venture-backed exit activity (#) by type in Europe**  
2013–2021\*



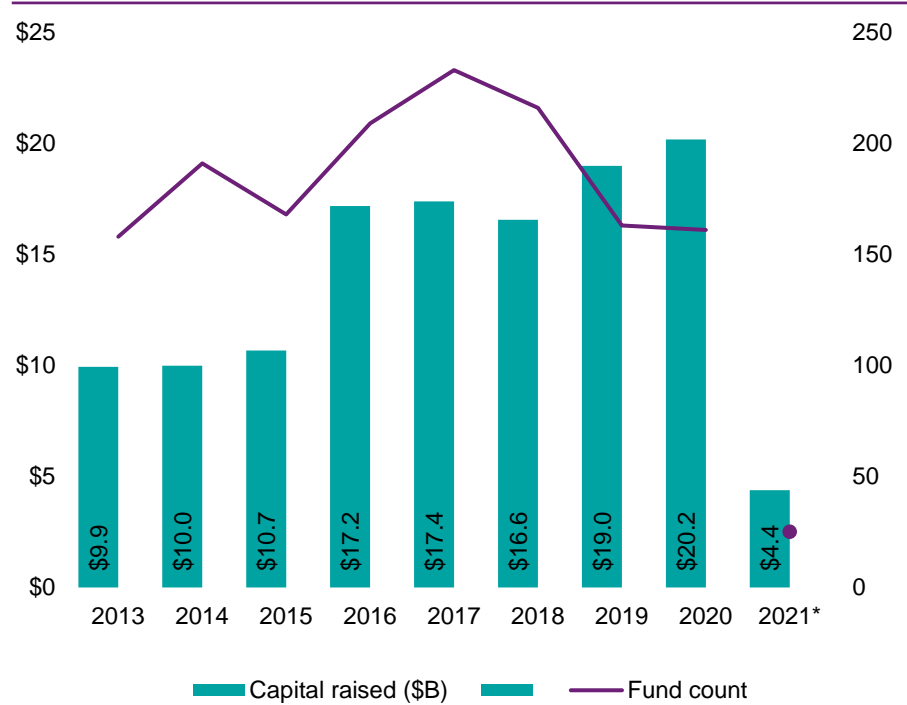
**Venture-backed exit activity (\$B) by type in Europe**  
2013–2021\*



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

## European venture fundraising

2013–2021\*

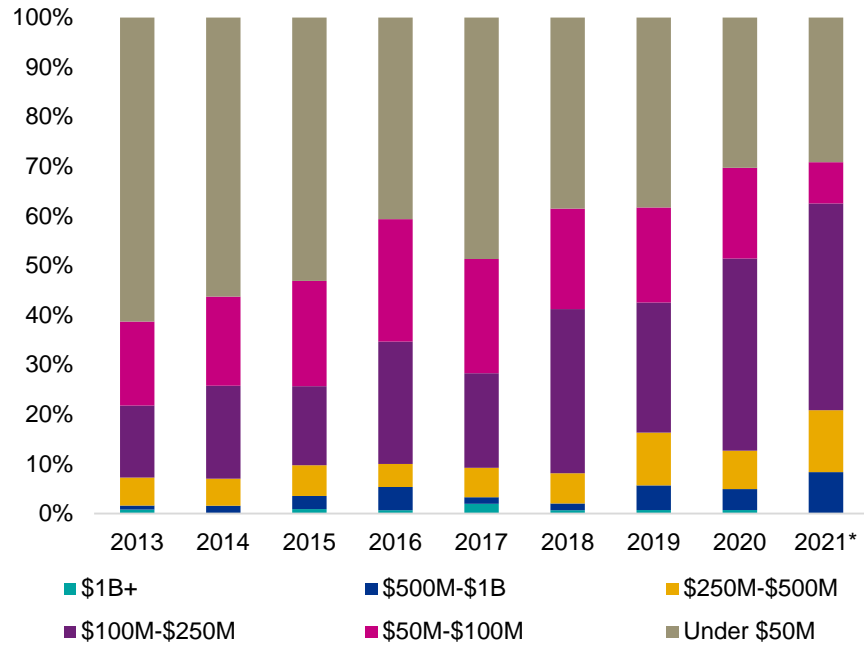


For the five years between 2016 and 2020, capital committed to venture funds in Europe was quite robust, nearing and then finally eclipsing \$20 billion in 2020. However, in that same timeframe, the volume of closed funds did decrease from a peak in 2017. As will be seen in the following pages, part of that is due to 2017 seeing a spike in the number of funds closed that were sized at \$50 million or less, while since then there have not been quite as many. Part of that trend is due to successful firms being able to raise larger funds after initially raising one of those micro-funds; 13 funds sized between \$500 million and \$1 billion closed in 2019 and 2020. This happening is cyclical in nature, and thus does not preclude the potential for a bevy of new micro-funds to raise and close in the coming years. That will depend primarily on how healthy the venture environment, particularly with regard to liquidity, develops in the next couple of years. With well over \$4 billion raised in Q1 2021, the signs are promising so far, however.

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

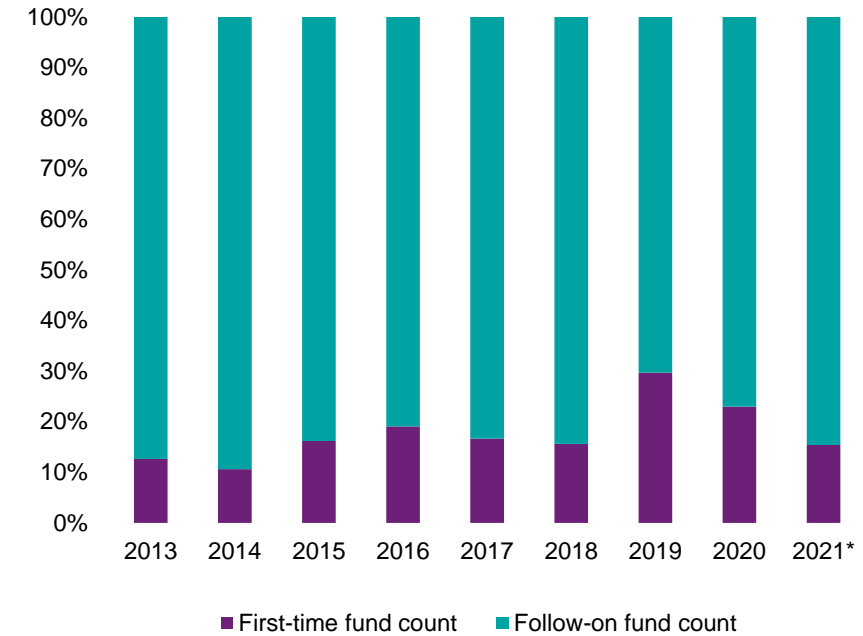
## Venture fundraising (#) by size in Europe

2013–2021\*



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

2013–2021\*

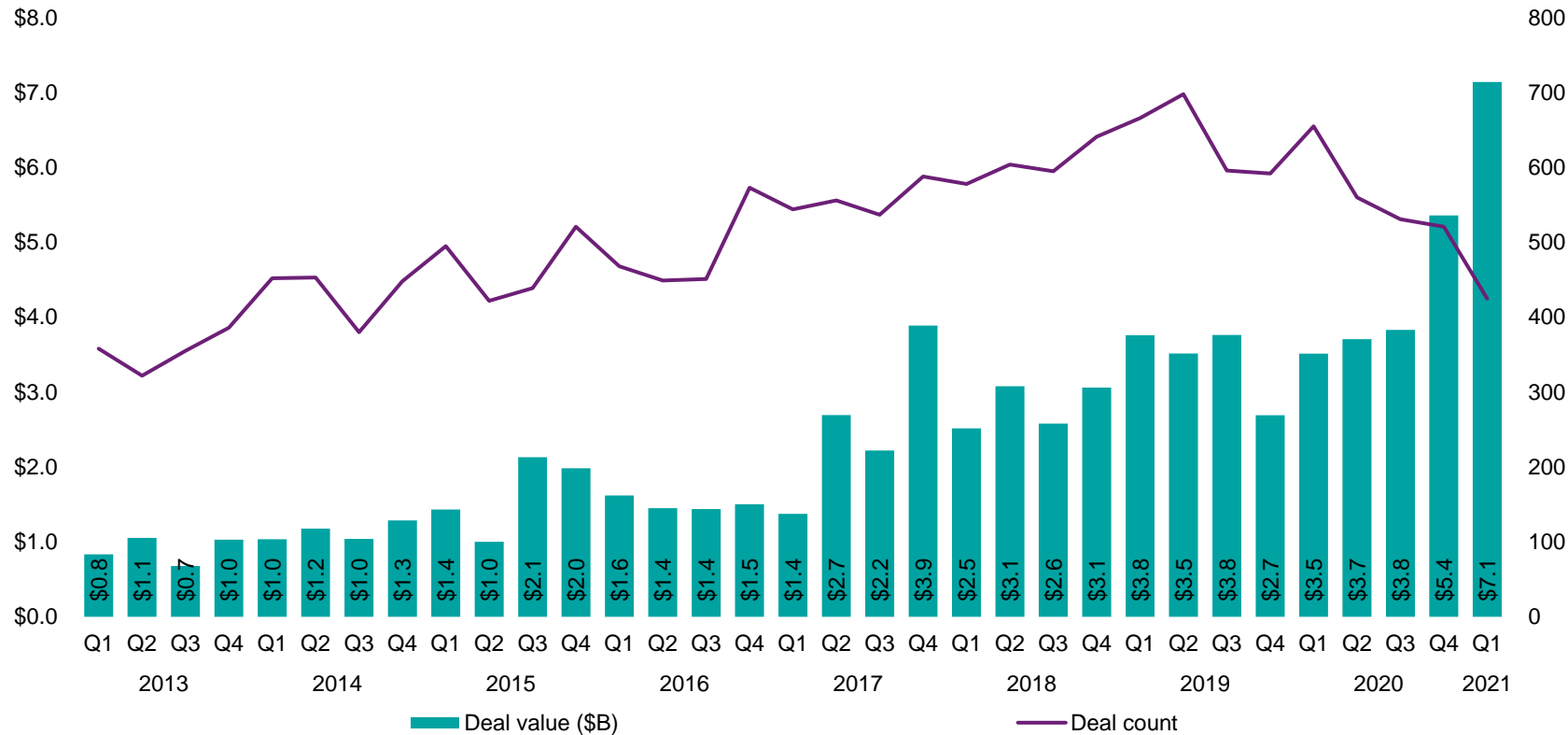


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

# After a record quarter, yet another one eclipses its predecessor

## Venture financing in the United Kingdom

2013–Q1'21



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

“ Here in the UK, B2B services is a fast-growing area of VC investment both for VC and CVC investors. We’re seeing more fintechs focusing on B2B services – offering everything from financial tools for SMEs to solutions focused on enhancing cash flow or managing accounting requirements. Given the number of local and global financial institutions looking to improve their legacy tech and infrastructure, I expect we will continue see significant investments in this space as we go through 2021. ”



**Kevin Smith**

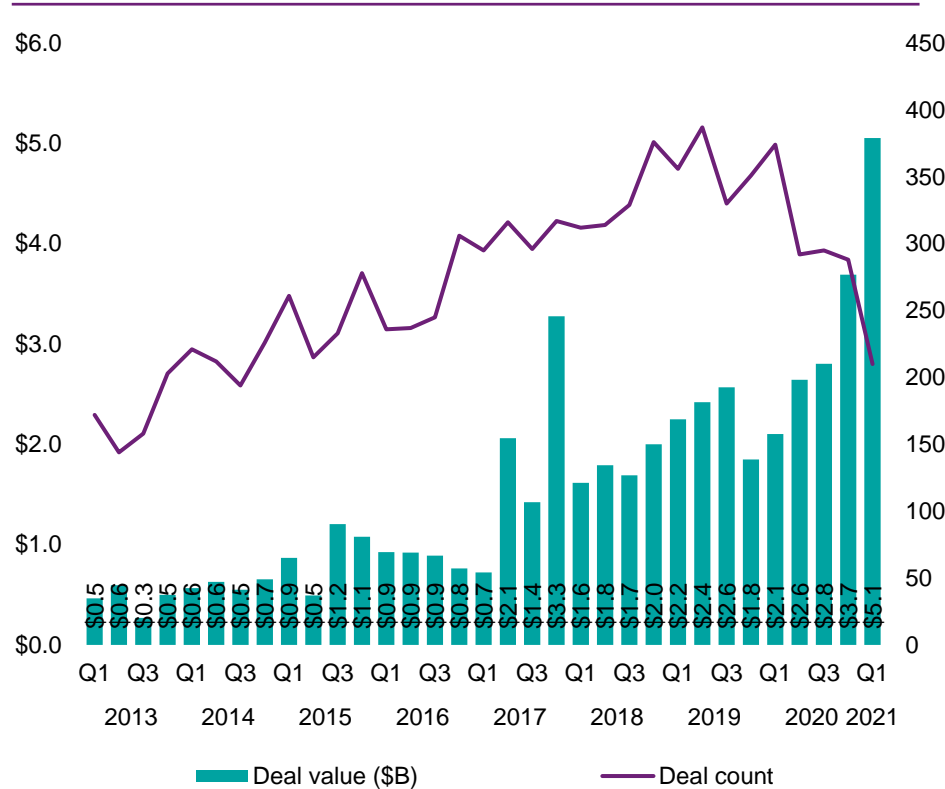
Head of KPMG Private Enterprise in EMA, Global Co-Leader — Emerging Giants, KPMG Private Enterprise, KPMG Partner, **KPMG in the UK**



# London sees yet another new high driven by mega-deals

## Venture financing in London

2013–Q1'21



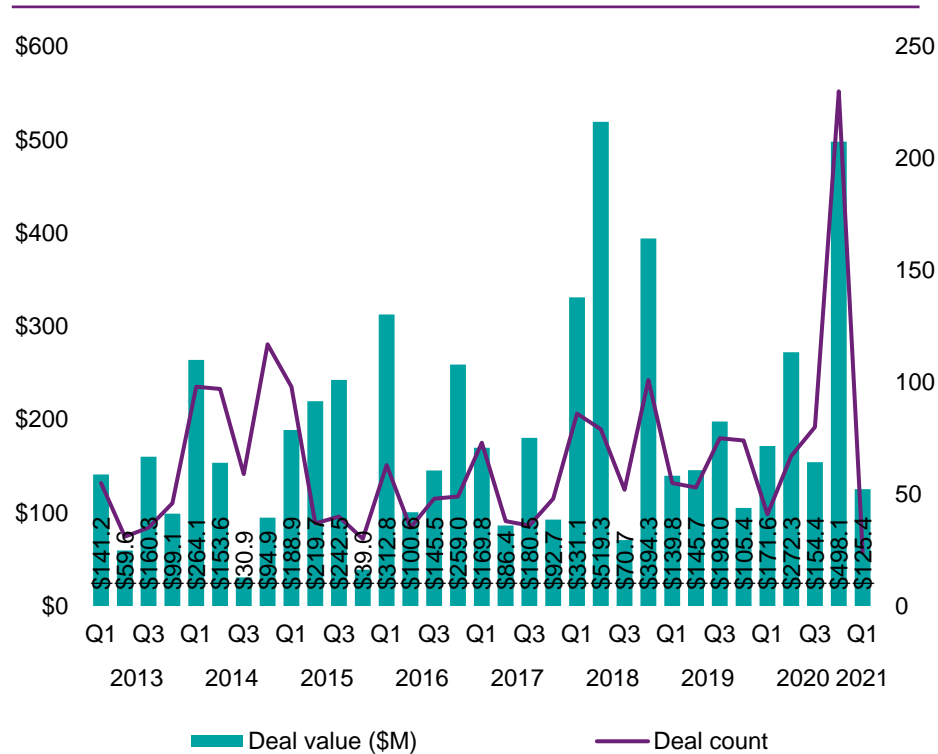
For the fifth quarter in a row, London has seen its venture ecosystem experience rise in VC invested. Q4 2020 saw a new high of \$3.7 billion... only to be eclipsed by Q1 2021 which set the year off at an accelerated rate with no less than \$5.1 billion in aggregate. Mega-deals once again contributed to the tally, given the diminution in financing volume.

Seven of the top European rounds in terms of size in Q1 2021 were for **London-based companies**, which **contributed to a new record high.**

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

## Venture financing in Ireland

2013–Q1'21



The Irish ecosystem experienced one of its slower quarters, although a healthy amount of VC invested still flowed into domestic companies, after a peak in Q4 2020 with outlier financings like that of solar power platform Amarengo, which closed on nearly \$191 million in funding. Thus far in 2021, such large rounds have not yet closed, but it is likely they shall. The largest funding in Q1 2021 was the \$48 million+ infusion of capital into food-ordering platform Flipdish.

“ Investment in Irish companies got off to a slow start in Q1’20, after a bumper close to Q4’20. That said, of the companies funded in Q1, the continued pandemic dominated environment has helped confirm their product market fit. With the investment secured in Q1 we expect to see these companies scale through 2021. VC backed Stripe, who raised a \$600m Series H in Q1 in the US also confirmed their commitment to Ireland, announcing a significant expansion in their Irish operations over the next 5 years, adding to the buzzing tech ecosystem. ”

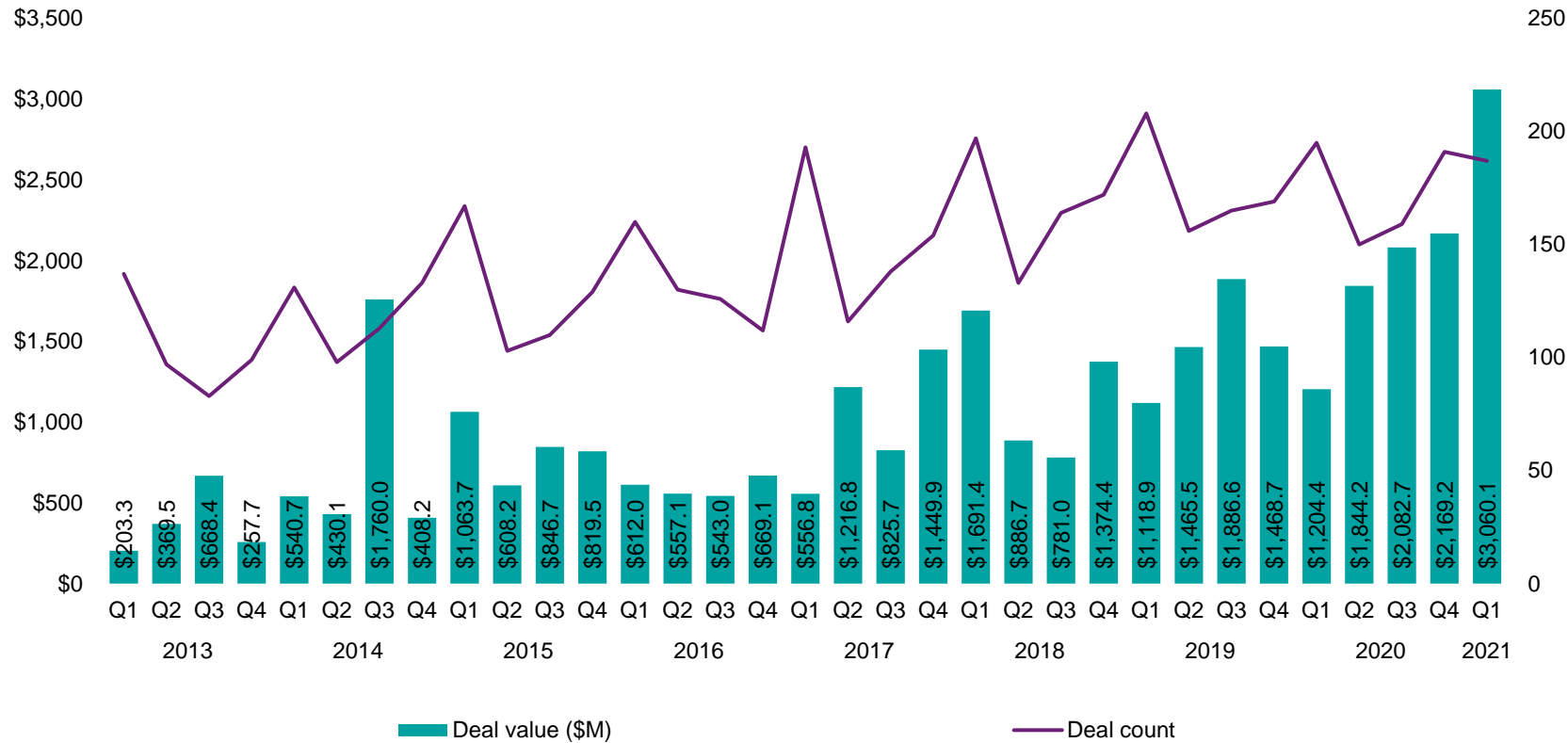


**Anna Scally**  
Partner, Head of Technology and Fintech Lead,  
KPMG in Ireland

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

## Venture financing in Germany

2013–Q1'21



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

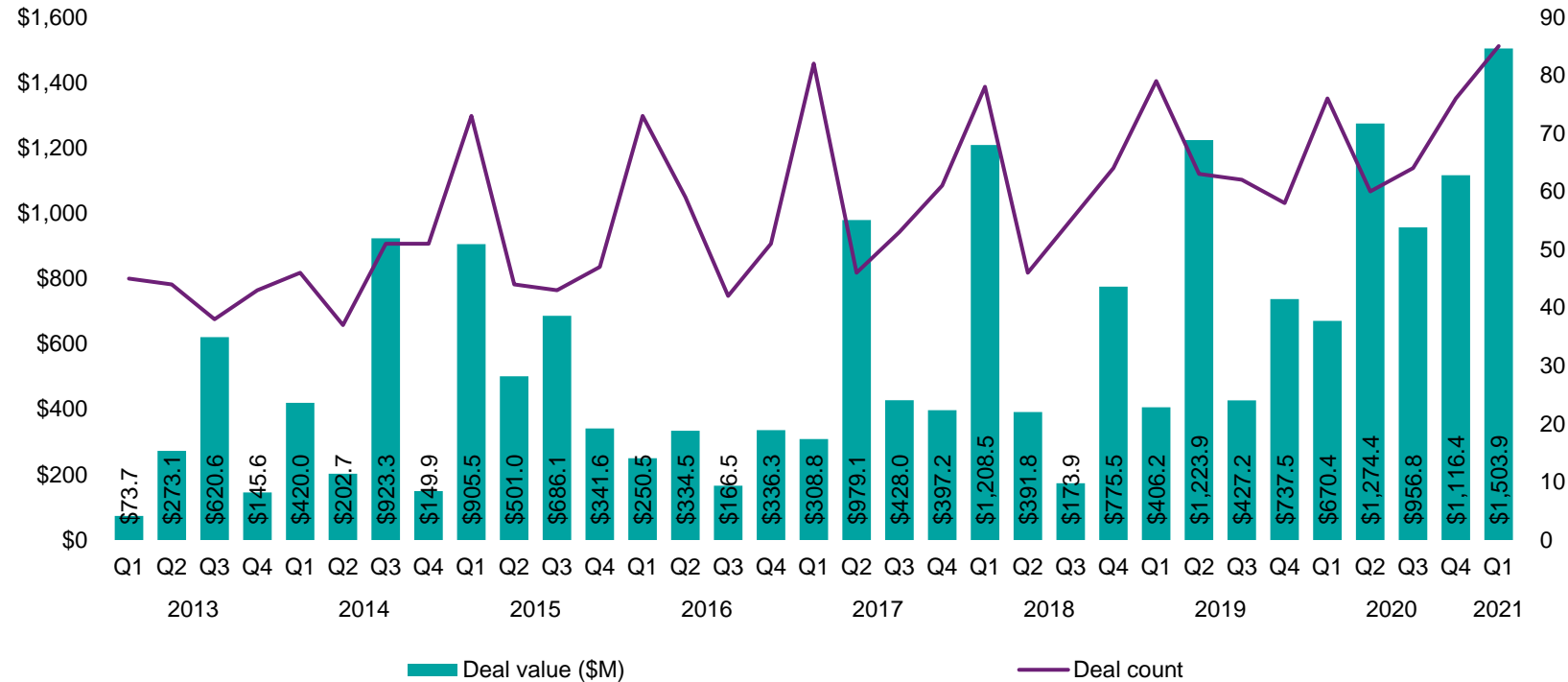
“ Here in Germany, valuations are going up for companies in key industries like SAAS, e-commerce, and logistics. The valuations are getting higher because these business models are gaining maturity very rapidly. They are now proven because they are running well in real circumstances. Valuations for early-stage businesses, however, are quite low though because VC investors are still putting their funds into more secure companies and less risky areas. ”



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

## Venture financing in Berlin

2013–Q1'21



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

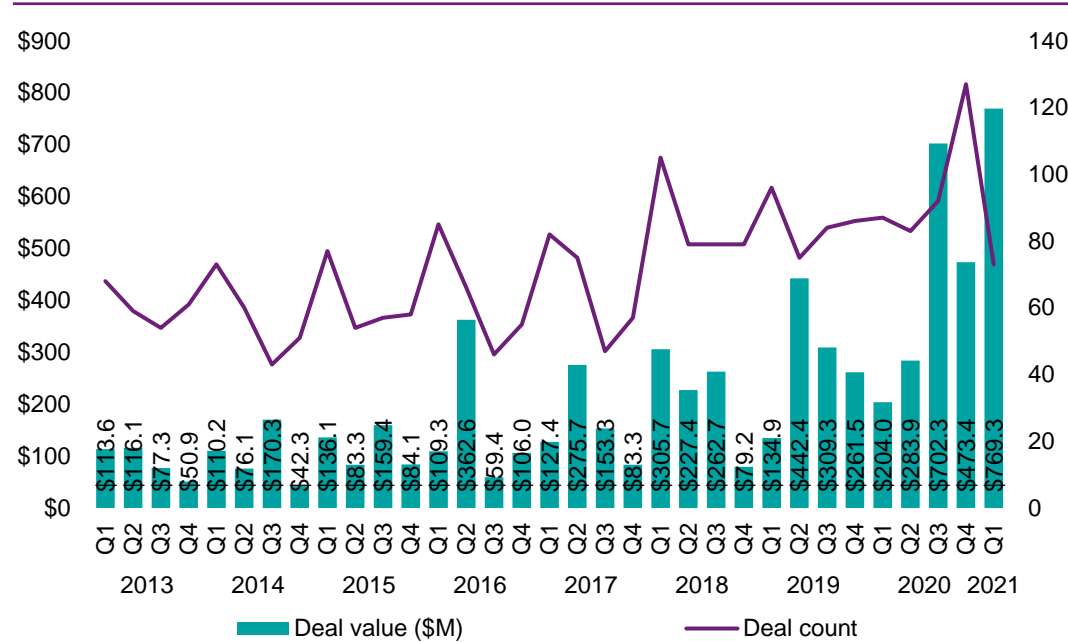
“ We are seeing bigger valuations at later deal stages across Europe. Fintech is enormously strong here, so it’s attracting a lot of the really big funding rounds. But other areas accelerated by the pandemic are also seeing a lot of interest - like delivery and healthtech. VC funds are competing over a lot of these promising later-stage companies, which is helping to drive those larger valuations. ”



**Tim Dümichen**  
Partner, KPMG in Germany

## Venture financing in Spain

2013–Q1'21

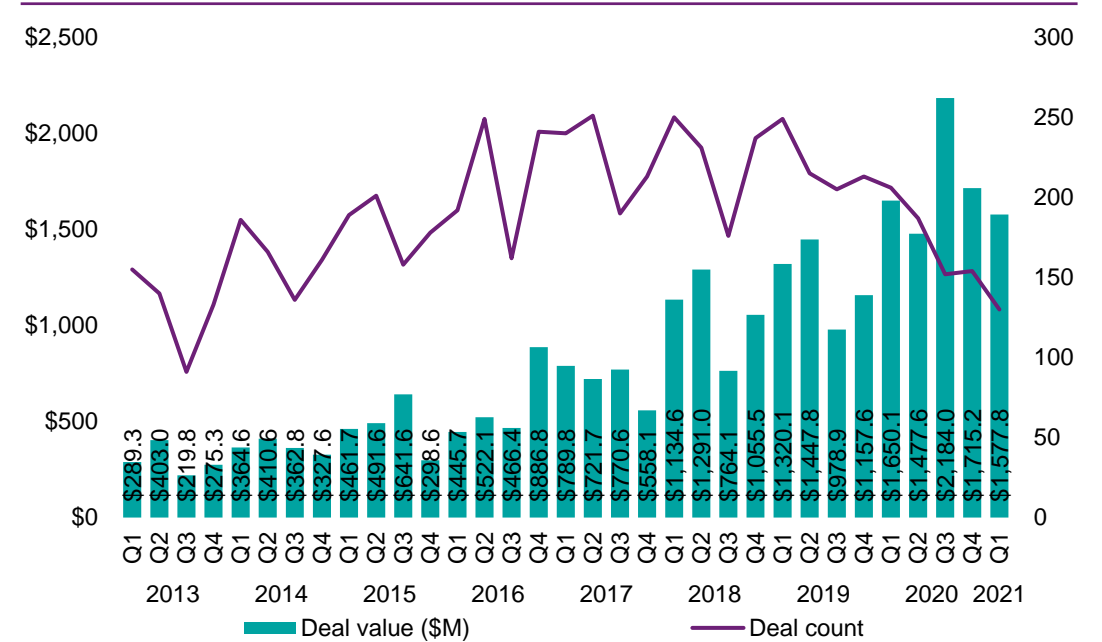


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Spain saw a continuation of robust VC invested, even as volume dipped back to roughly median levels relative to the past several quarters. As is common in such an occurrence, a handful of large financings drove that total up substantially: delivery platform Glovo closed on well over \$500 million in VC; recruiting platform Jobandtalent \$220.9 million; and mobile-based shopping platform Wallapop nearly \$190 million.

## Venture financing in France

2013–Q1'21

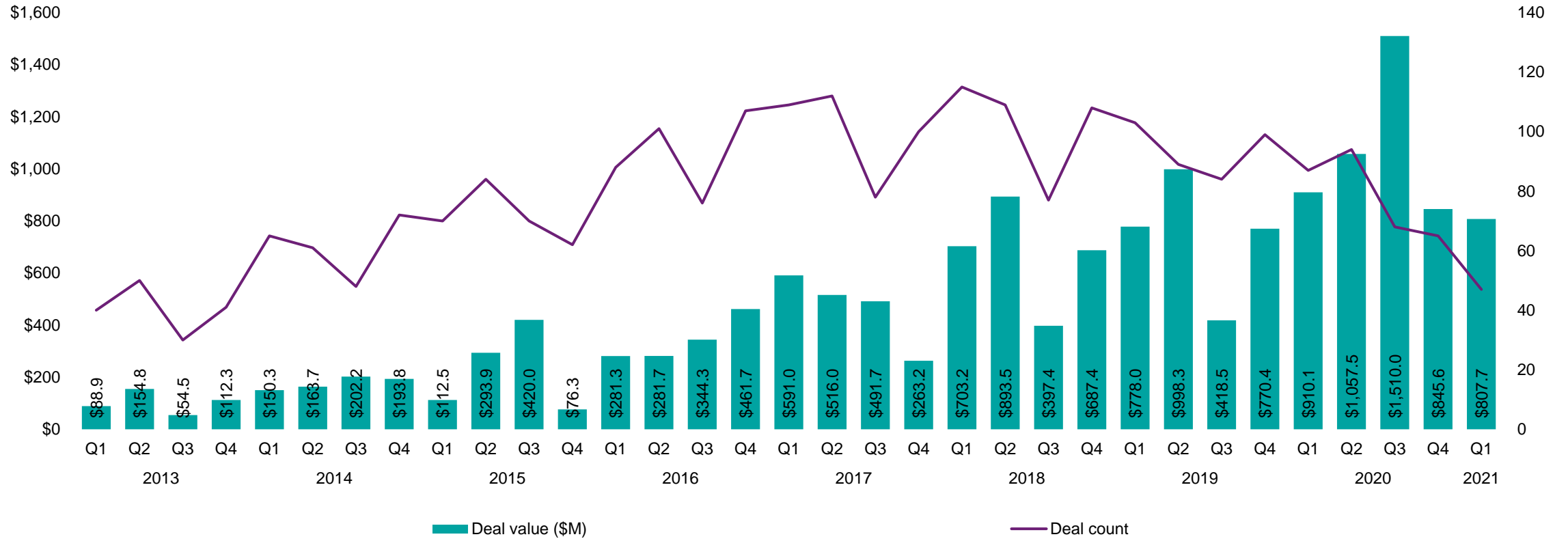


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

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. 2021 continued that trend, albeit not at record levels, by seeing \$1 billion in VC invested eclipsed handily yet again, despite flattening volume.

## Venture financing in Paris

2013–Q1'21

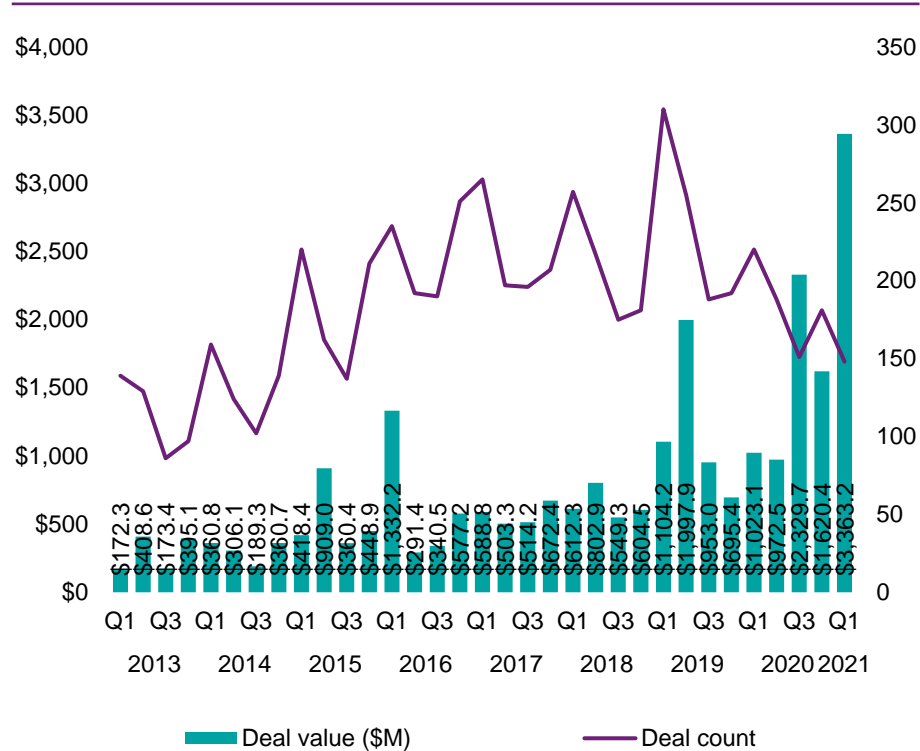


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

# Nordic region sees a record quarter after a strong stretch

## Venture financing in the Nordics

2013–Q1'21



Klarna’s mammoth \$1.29 billion funding in Q1 2021 overshadows much of the surge in VC invested to a new quarterly record, but it’s worth noting several other prominent Nordic companies garnered substantial infusions of capital. Food ordering platform Wolt raked in well over \$500 million in capital, while wine marketplace Vivino and immunotherapy developer IO Biotech each raised just about \$155 million.

“ VC investment in the Nordic region is soaring. We have more money in the market than ever – and that money is flowing into companies that are performing well and growing fast. As we look to the future, those companies are going to start looking at exits, if they haven’t already. Just this quarter, we saw Trustpilot have a strong IPO in London. There is a strong expectation that there is going to be more where that came from. ”

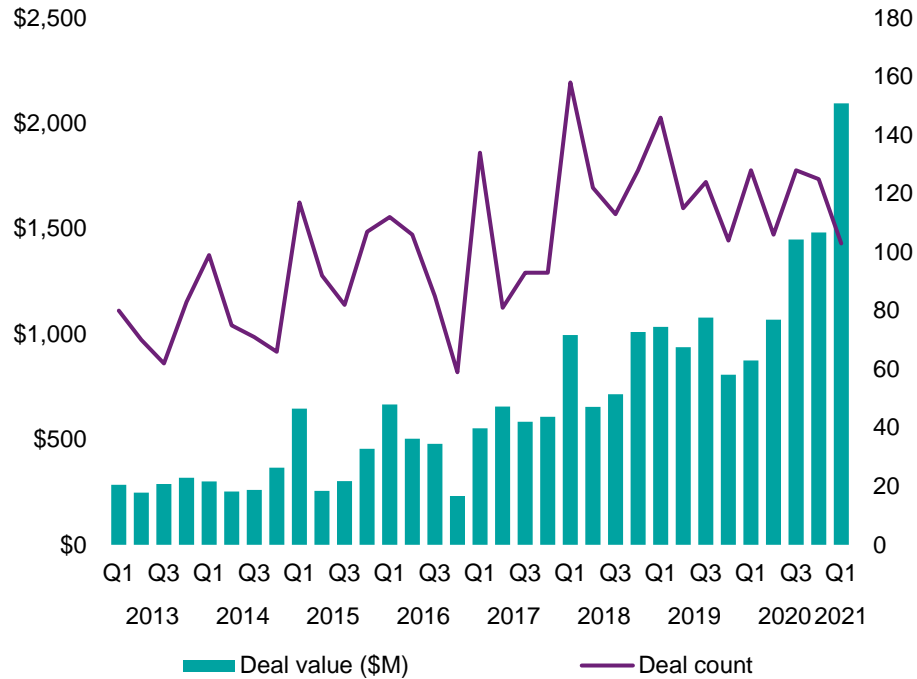


**Jussi Paski**  
Head of Startup Services  
KPMG in Finland

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

## Venture financing in Israel

2013–Q1'21



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

More than seven VC deals closed in Q1 2021 that were \$100 million or more in size, topped by the \$208 million infusion of VC into cloud networking developer Drivenets. In fact, six of the seven top fundings went to companies that engaged with various cloud-based niches and target end users, ranging from transportation focus to cybersecurity. Israel's ecosystem has long benefited from robust government and industry support across multiple nascent sectors, and now it is paying off.

**VC keeps flowing into Israel across multiple \$100 million+ rounds even as volume declined somewhat**

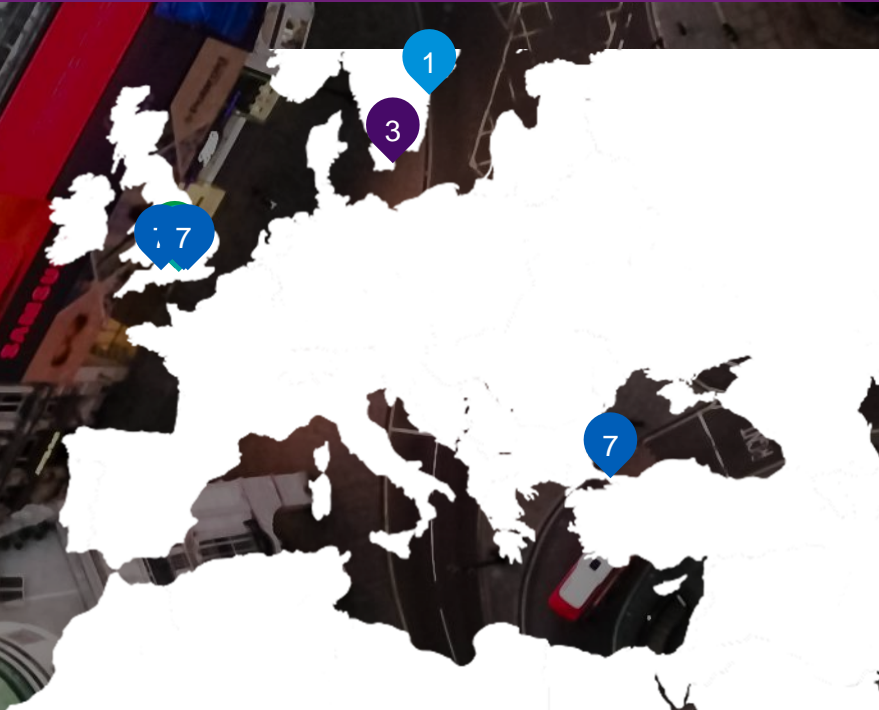
“ The Israeli VC market has experienced an unprecedented quarter with almost 90% increase in fundraising rounds compared to Q4 2020. The increase happened mostly due to the activity of foreign investors. Going forward, we hope that this positive development will continue, and we hope that the investment to early-stage companies will continue in order to ensure the sustainability of the Israeli Tech Market. ”



**Dina Pasca-Raz**  
Head of Technology  
KPMG in Israel



## Top 10 financings in Q1'21 in Europe



1. **Klarna** — \$1.29B, Stockholm — Fintech — *Late-stage VC*
2. **LendInvest** — \$681.4M, London — Fintech — *Late-stage VC*
3. **Wolt** — \$535.2M, Helsinki — Foodtech — *Series G*
4. **Checkout.com** — \$450M, London — Financial software — *Series C*
5. **Hopin** — \$400M, London — Media — *Series C*
6. **Starling Bank** — \$378.3M, London — Fintech — *Series D*
7. **Getir** — \$300M, Istanbul — Internet retail — *Series C*
7. **Rapyd** — \$300M, London — Fintech — *Series D*
7. **Blockchain.com** — \$300M, London — Cryptocurrency — *Series C*
7. **PatSnap** — \$300M, London — Business software — *Series E*

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 21, 2021.

# KPMG Private Enterprise Emerging Giants Network.

## From seed to speed, we're here throughout your journey



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## About KPMG Private Enterprise

You know KPMG, you might not know KPMG Private Enterprise. KPMG Private Enterprise advisers in KPMG firms around the world are dedicated to working with you and your business, no matter where you are in your growth journey — whether you're looking to reach new heights, embrace technology, plan for an exit, or manage the transition of wealth or your business to the next generation. You gain access to KPMG's global resources through a single point of contact — a [trusted adviser](#) to your company. It is a local touch with a global reach.

The KPMG Private Enterprise Global Network for Emerging Giants has extensive knowledge and experience working with the startup ecosystem. Whether you are looking to establish your operations, raise capital, expand abroad, or simply comply with regulatory requirements — [we can help](#). From seed to speed, we're here throughout your journey.

## Acknowledgements

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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 considers 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 identifying as growth-stage vehicles are classified as PE funds and are not included in this report. A fund's location is determined by the country in which the fund 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 United States that have held their final close are included in the fundraising numbers. The entirety of a fund's committed capital is attributed to the year of the final close of the fund. Interim close amounts are not recorded in the year of the interim close. Mega-funds are classified as those of \$500 million or more in size for the following fund categories: venture and secondaries.

### Deals

PitchBook includes minority equity investments, as well as investments combined of both equity and debt, 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, as well as from nontraditional investors such as hedge funds, mutual funds or private equity funds. 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.

- **Angel/seed:** PitchBook defines financings as angel rounds if there are no PE or VC firms involved in the company to date and we 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. Finally, if a news story or press release only mentions individuals making investments in a financing, it is also classified as angel. As for seed, when the investors and/or press release state that a round is a seed financing, or it is for less than \$500,000 and is the first round as reported by a government filing, it is classified as such. If angels are the only investors, then a round is only marked as seed if it is explicitly stated.
- **Early-stage:** Rounds are generally classified as Series A or B (which we typically aggregate together as early-stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.
- **Late-stage:** Rounds are generally classified as Series C or D or later (which we typically aggregate together as late-stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.
- **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 is employed.

### Exits

PitchBook includes the first full liquidity event (i.e., M&A, buyout, IPO) for holders of equity securities of venture-backed companies. This does not include direct secondary sales, further share sales following an IPO, 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. Unless otherwise noted, IPO sizes are based on the pre-money valuation of the company at the time of the transaction.

In the edition of the KPMG Venture Pulse covering Q1 2019 and all ensuing, 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 in all subsequent editions yet is more reflective of how the industry views the true size of an exit via public markets. In the edition of the KPMG Venture Pulse covering Q1 2021 and all ensuing, the IPO exit type was updated to include all types of public listings, including special purpose acquisition companies (SPACs) and other reverse mergers.



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