

Q4 2018 - A Record Year Closes With a Bang

Commentary from Hayley Barna of First Round Capital

On the atomization of seed rounds: Often founders are raising multiple seeds – sometimes raising their institutional seed after already raising over a million dollars, whether through a “friends and family” round or a pre-seed round.



On the availability of capital: I think capital constraints are good for a company and a founder to force them to stay focused on proving the core hypothesis instead of spreading their resources and team over many different [ones].

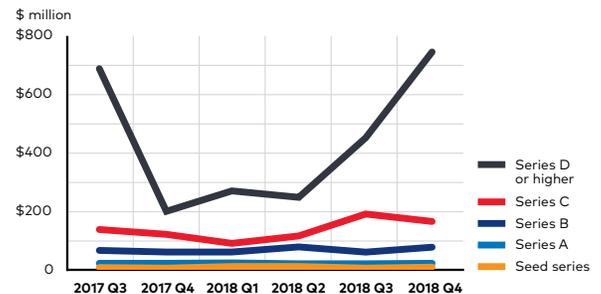
On consumer tech: We’re actually seeing a lot of consumer companies that aren’t software based and instead operate in the real world with physical assets. ... For us as a tech VC, it feels like that’s on the edge of our investment thesis.

Read Cooley's full interview with Hayley Barna on Cooley GO. cooleygo.com

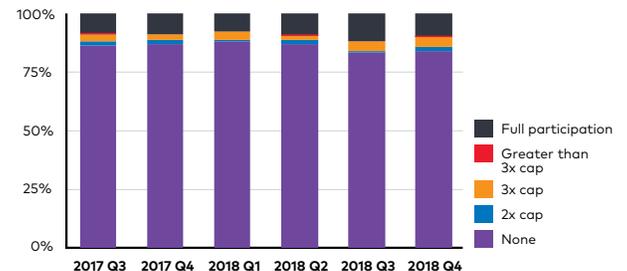
Total Deal Volume and Aggregate Dollars Raised



Median Pre-Money Valuation



Liquidation Preference: Participation Features



Up, Down and Flat Rounds



In the fourth quarter of 2018, deal volumes and aggregate dollars raised pushed higher from already robust levels seen in prior quarters of the year. Cooley handled 280 disclosable deals representing more than \$9.2 billion of invested capital during the final quarter of 2018. Both numbers eclipsed levels of any quarter since the inception of this report in 2003.

For the overall year, we handled 979 disclosable deals representing more than \$28 billion of invested capital. These numbers again reached levels not seen for 15 years of reporting.

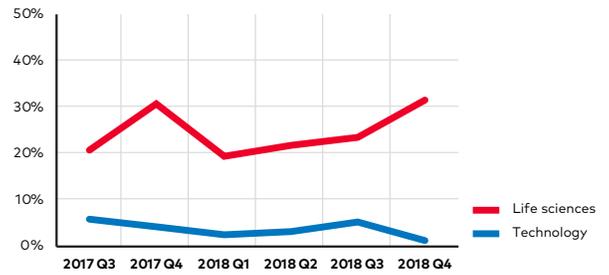
In Q4 2018, median pre-money valuations rose across all deal stages with the exception of Series C deals. Of note, median pre-money valuations for seed stage deals reached

\$8.5 million – a new record. This may point to the still expanding number of sources of seed capital.

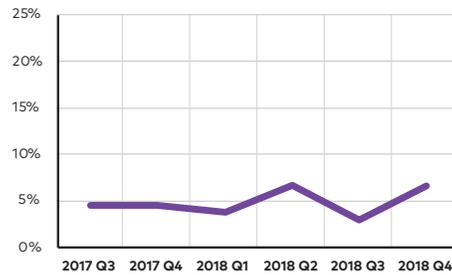
Overall deal terms remained company-friendly. Up rounds accounted for 87% of transactions during the quarter, while the percentage of deals with no participating liquidation preferences remained high at 84% of all transactions. Additionally, only 1% of technology deals were structured in tranches during the quarter. However, the percentage of deals structured in tranches in life sciences transactions was 32%. This was an increase from prior quarters. While overall terms remained company-friendly, we did see an increase in deals with pay-to-play provisions.

For more venture financing trends, view our interactive data visualization on Cooley GO: cooleygo.com/trends

Tranched



Pay-to-Play



About the Cooley Venture Financing Report

This quarterly summary provides data reflecting Cooley’s experience in venture capital financing terms and trends. Information is taken from a subset of the transactions in which Cooley served as counsel to either the issuing company or investors. For more information regarding this report, please contact one of our Cooley lawyers.

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