

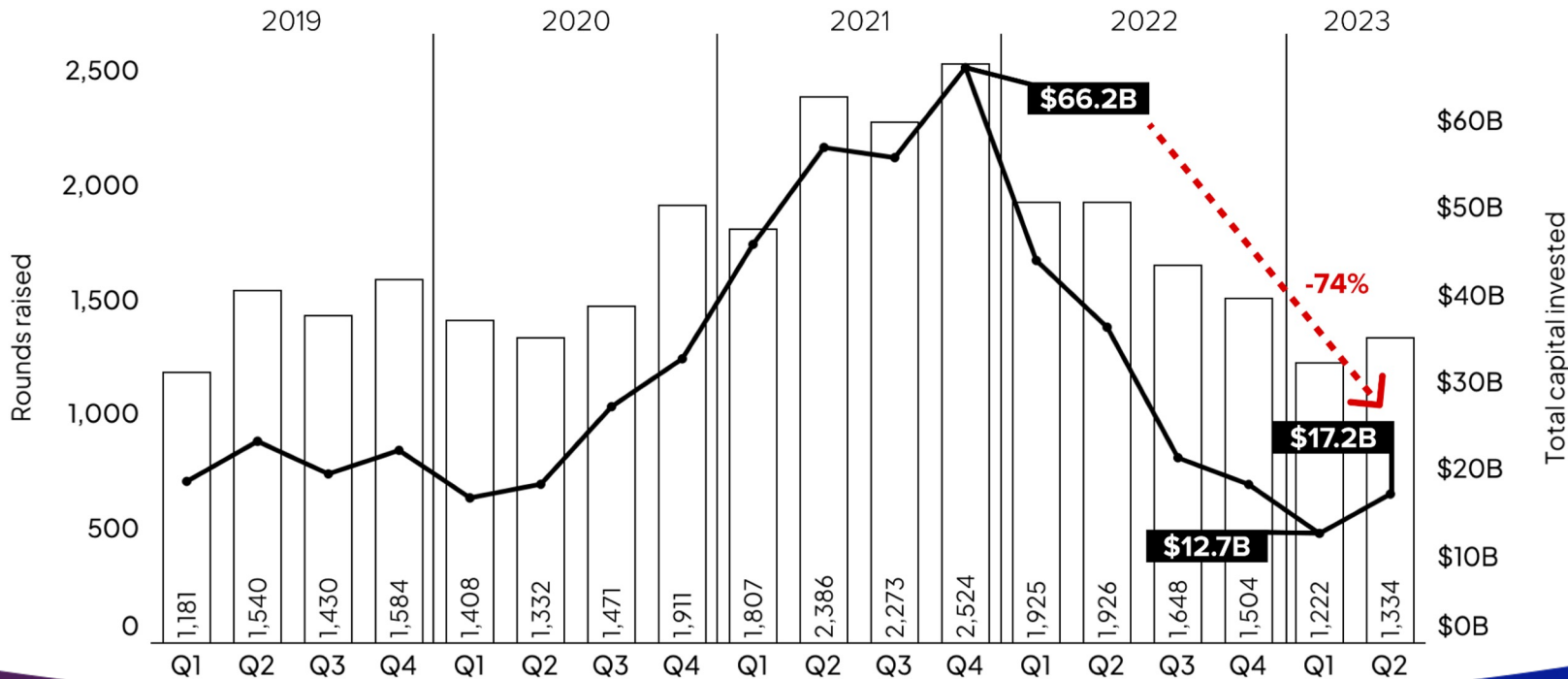
SaaS Metrics Palooza

State of Startups, 2023 | Peter Walker, Head of Insights

Overall market dynamics

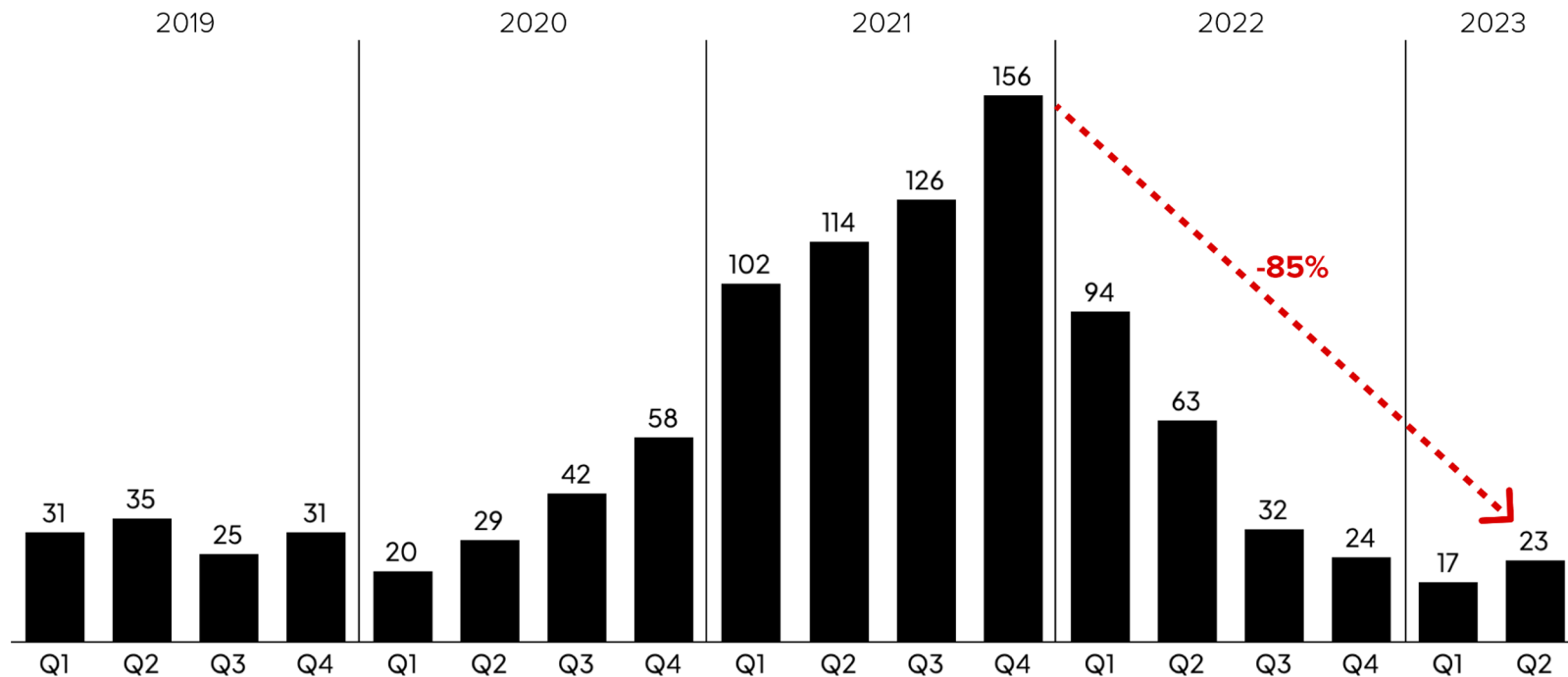
A long way from 2021 - but no longer falling

Total rounds raised and total capital invested by quarter into Carta startups | Q1 2019–Q2 2023



\$100M+ rounds down 85% from Q4 2021

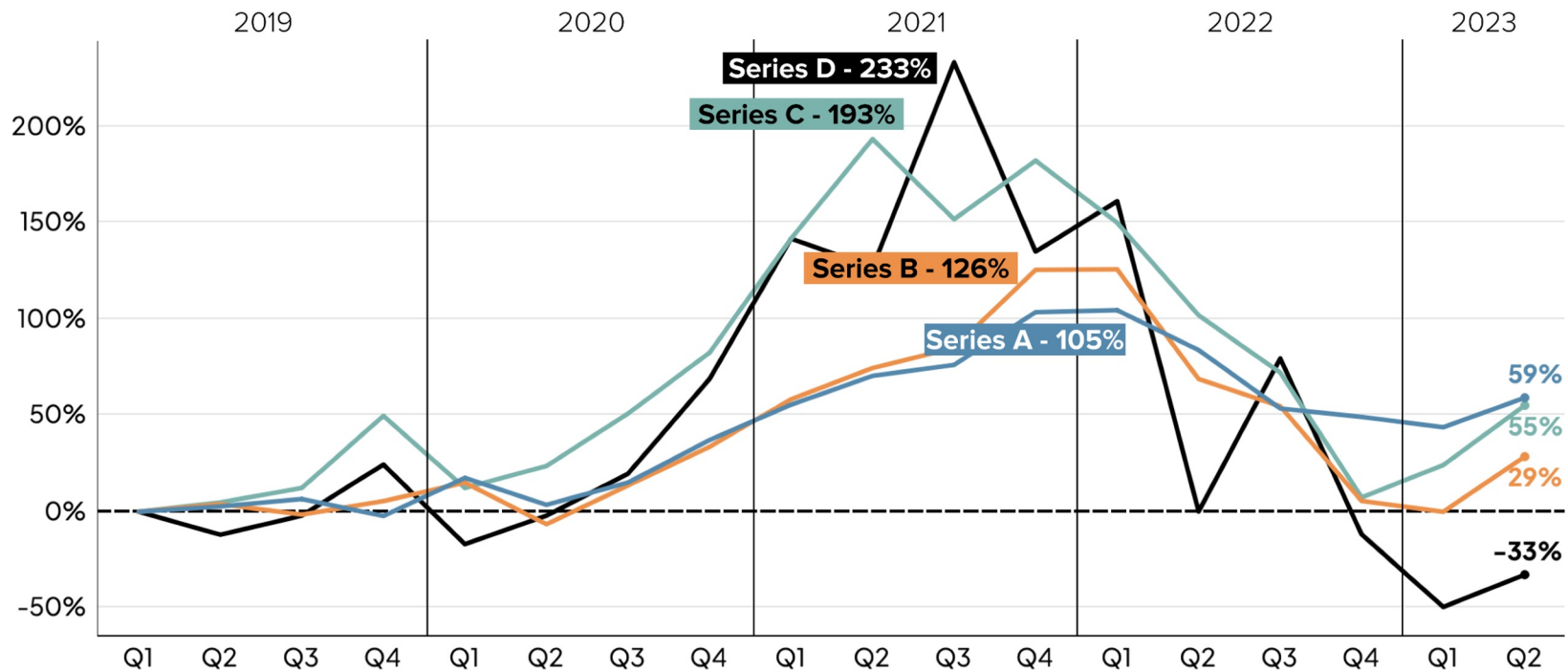
Number of rounds that raised over \$100M by quarter | Q1 2019–Q2 2023



Valuations compared to Q1 2019? Not so bad

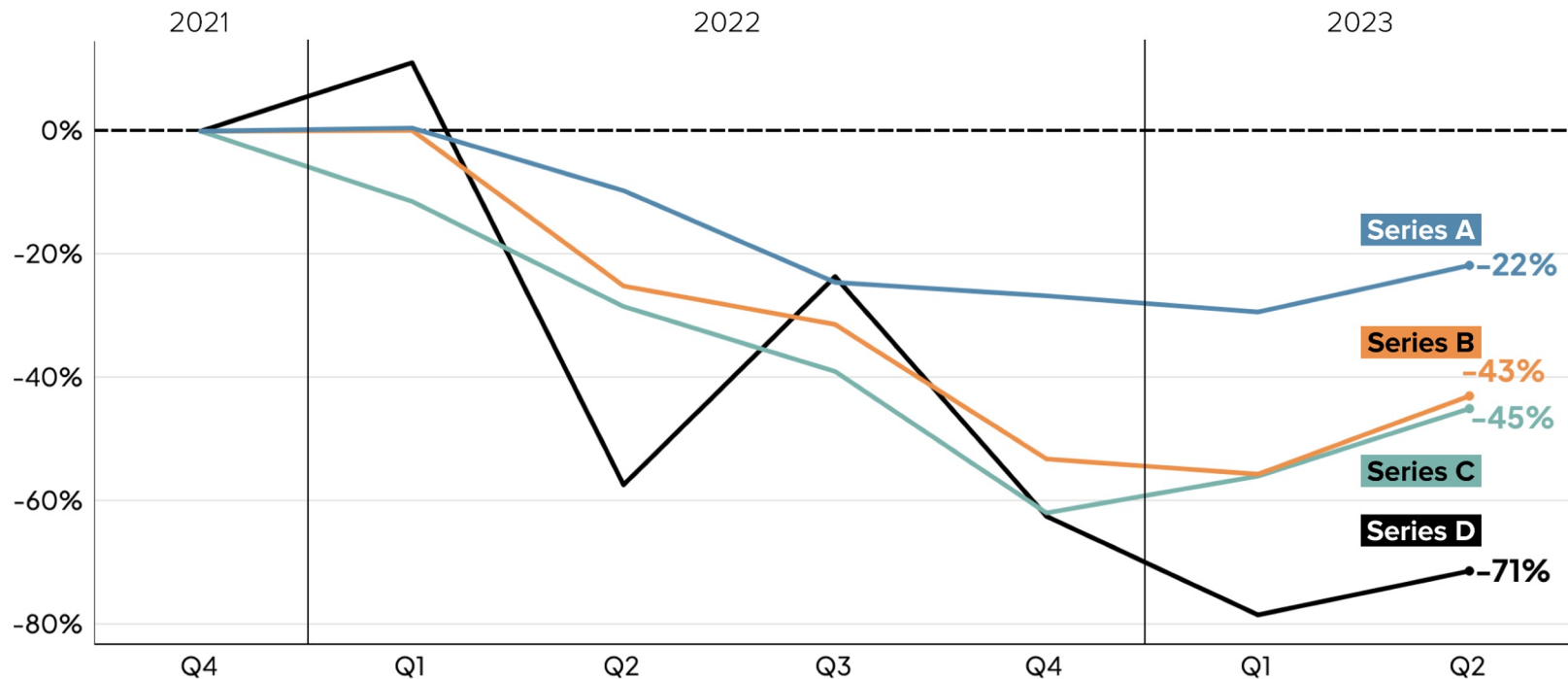
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Percent change in median pre-money valuations by stage | All relative to Q1 2019 | Peaks labeled



Valuations compared to Q4 2021? Ouch

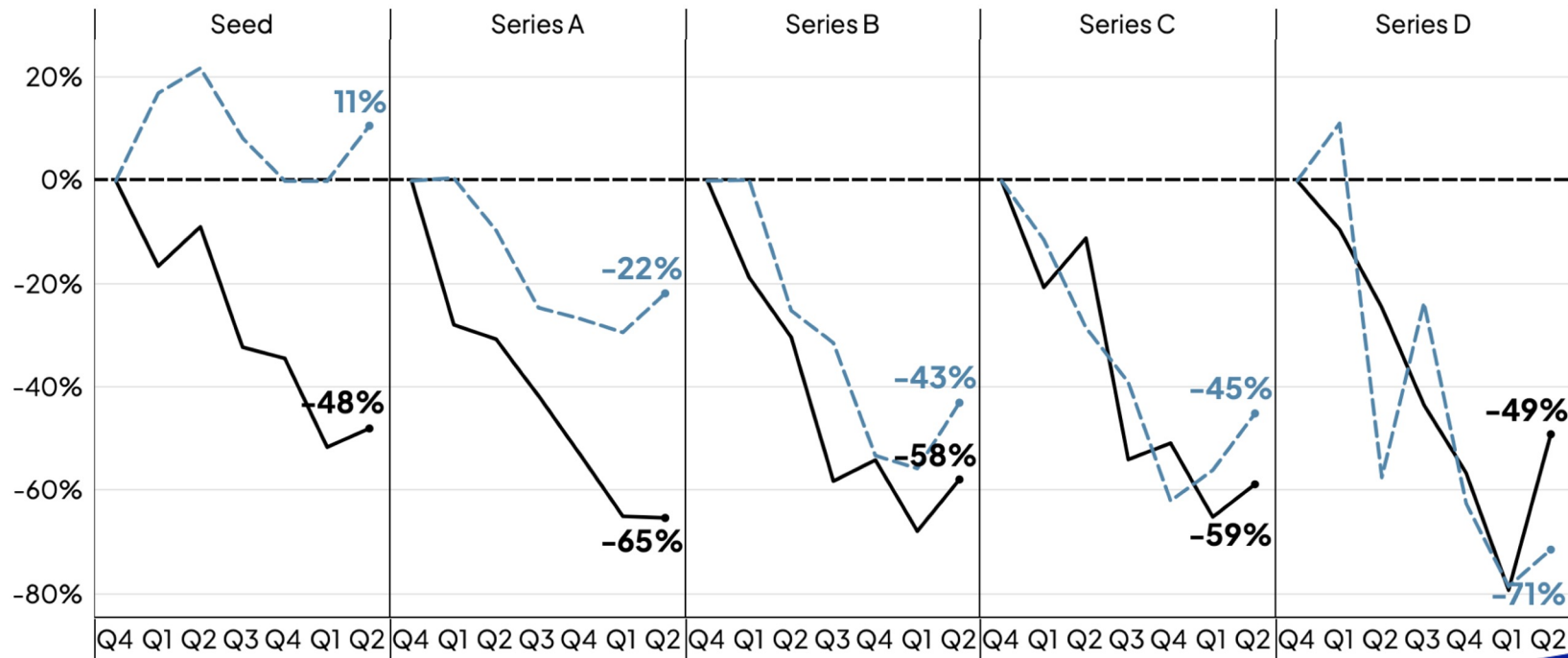
Percent change in median pre-money valuations by stage | All relative to Q4 2021



Volume declined much further than valuation



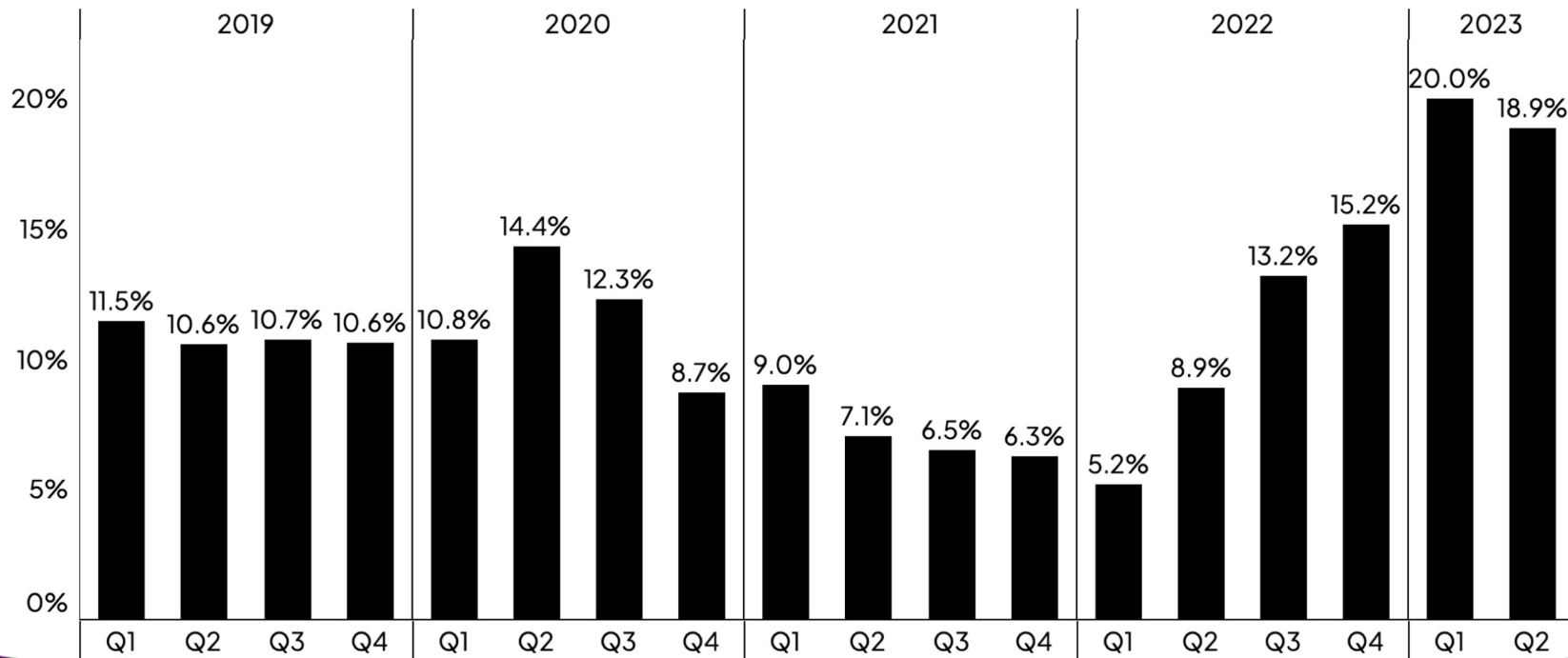
Percent change in median pre-money valuations and total round volume | All relative to Q4 2021



Down rounds are at record highs

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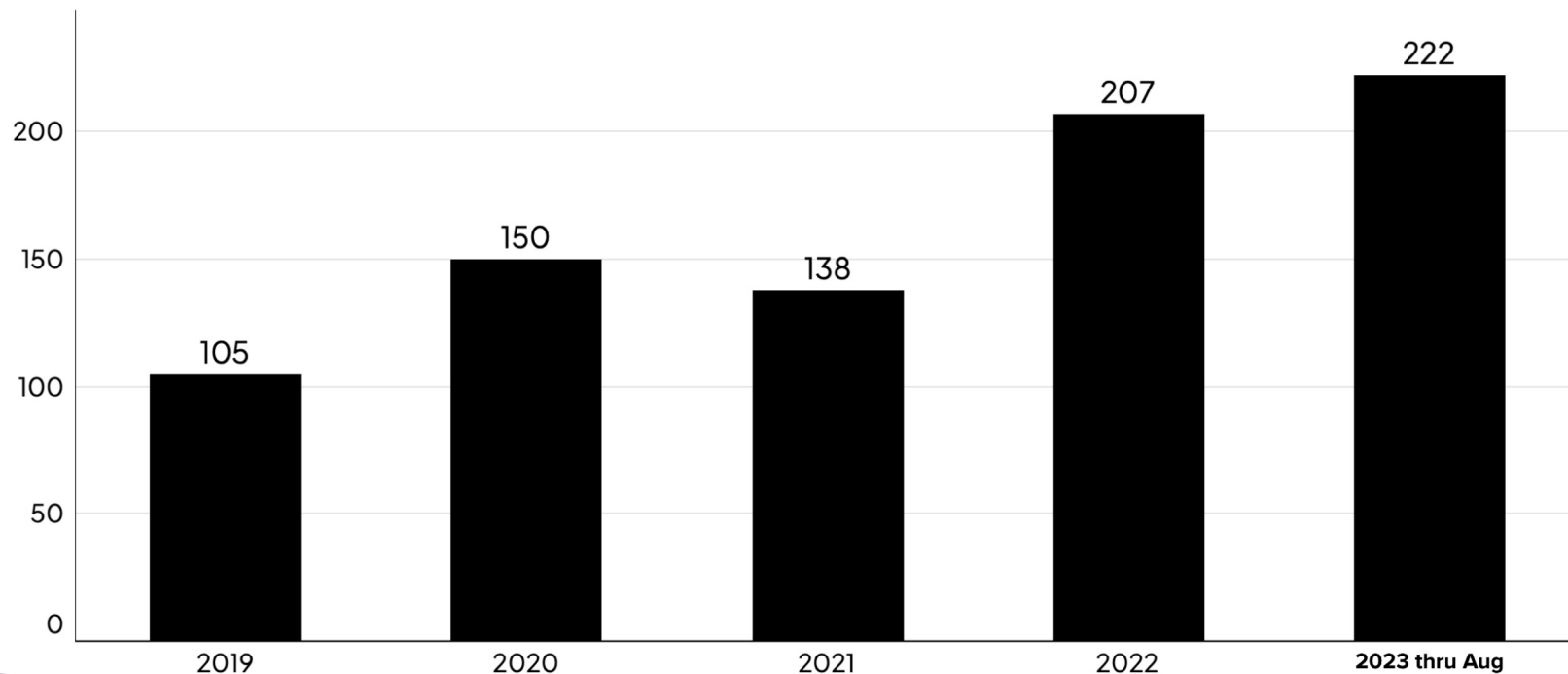
Percent of all rounds on Carta that were down rounds by quarter | Q1 2019–Q2 2023



More startups are going bankrupt

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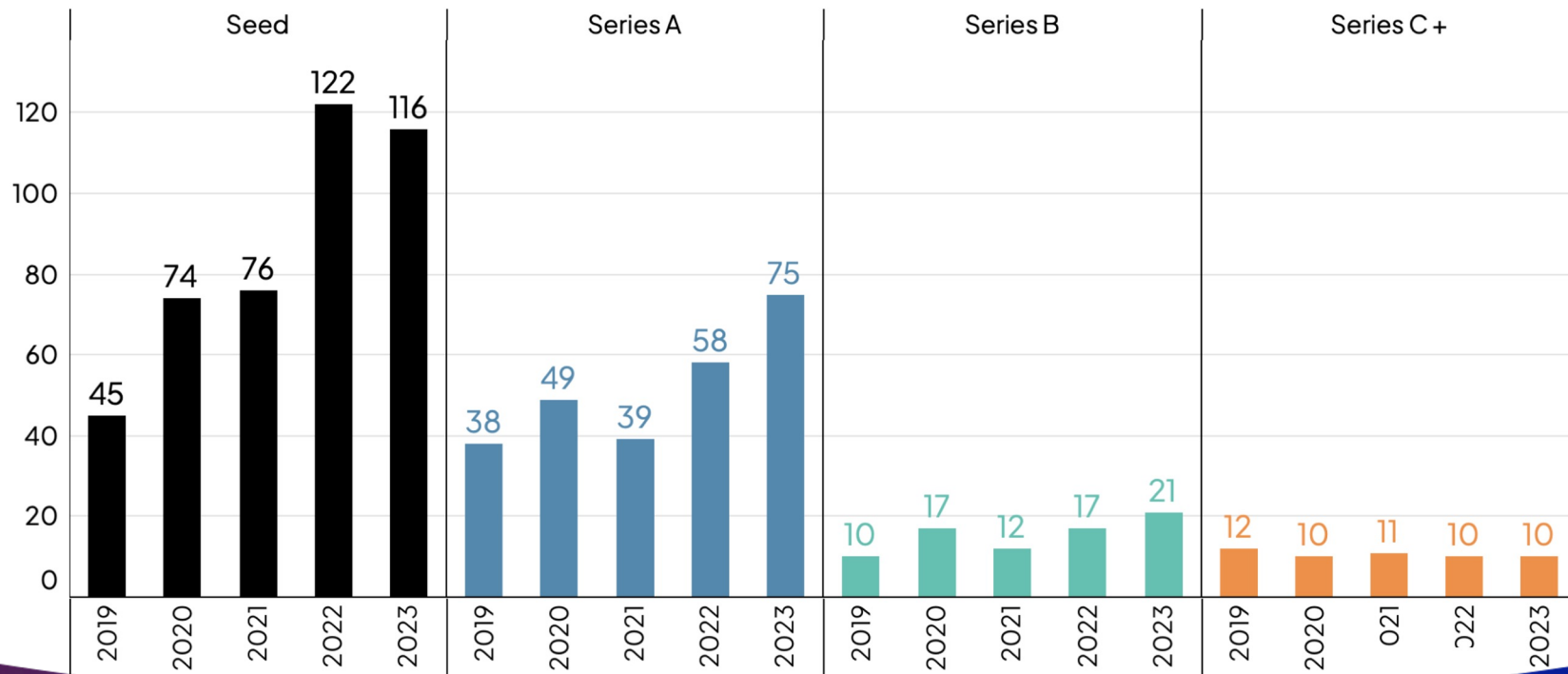
Bankrupt or dissolved startups by year | Must have raised at least 1 priced round | Jan 2019–Aug 2023



Real inflection in Series A bankruptcies

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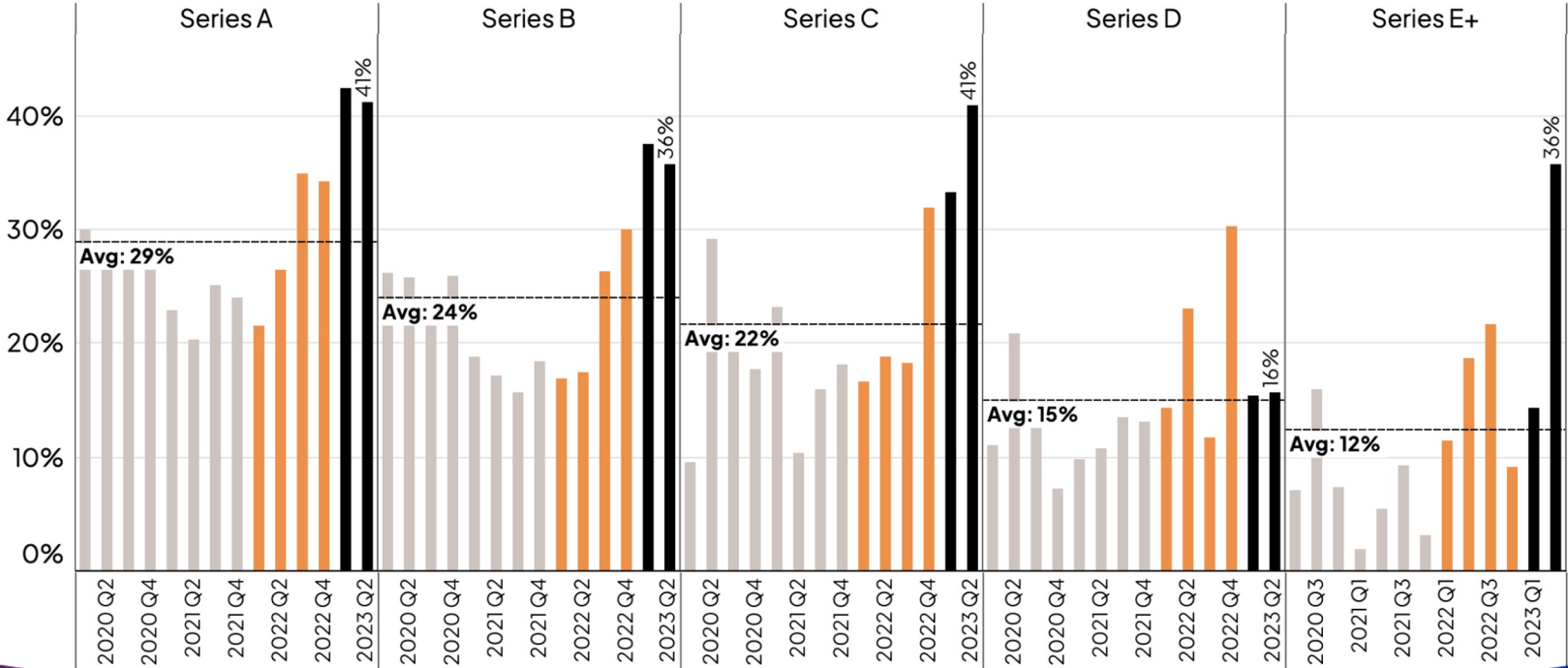
Bankrupt or dissolved startups by year | Must have raised at least 1 priced round | Jan 2019–Aug 2023



More time and attention on bridge rounds



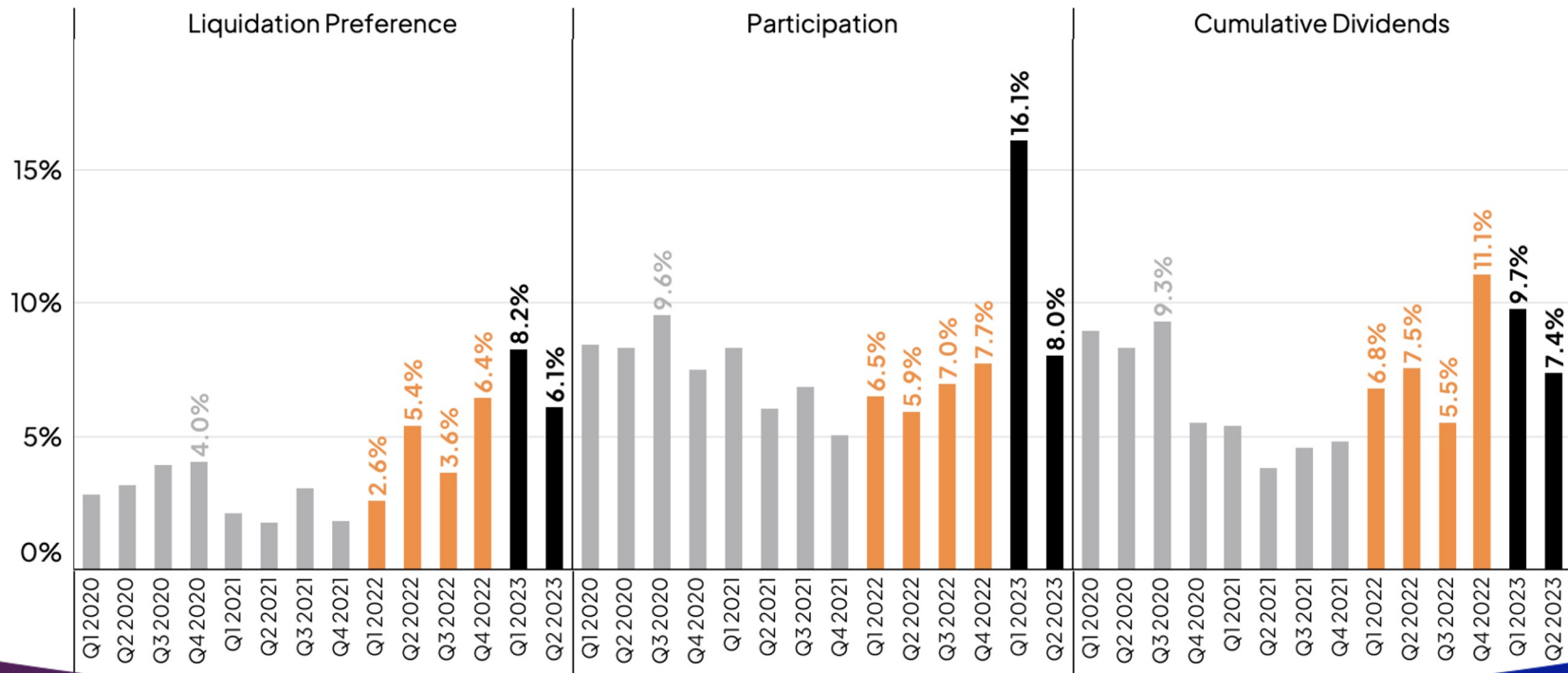
Percent of all rounds on Carta that were bridge rounds by quarter | 2020 | 2021 | 2022 | 2023



Deal structure is back on the table

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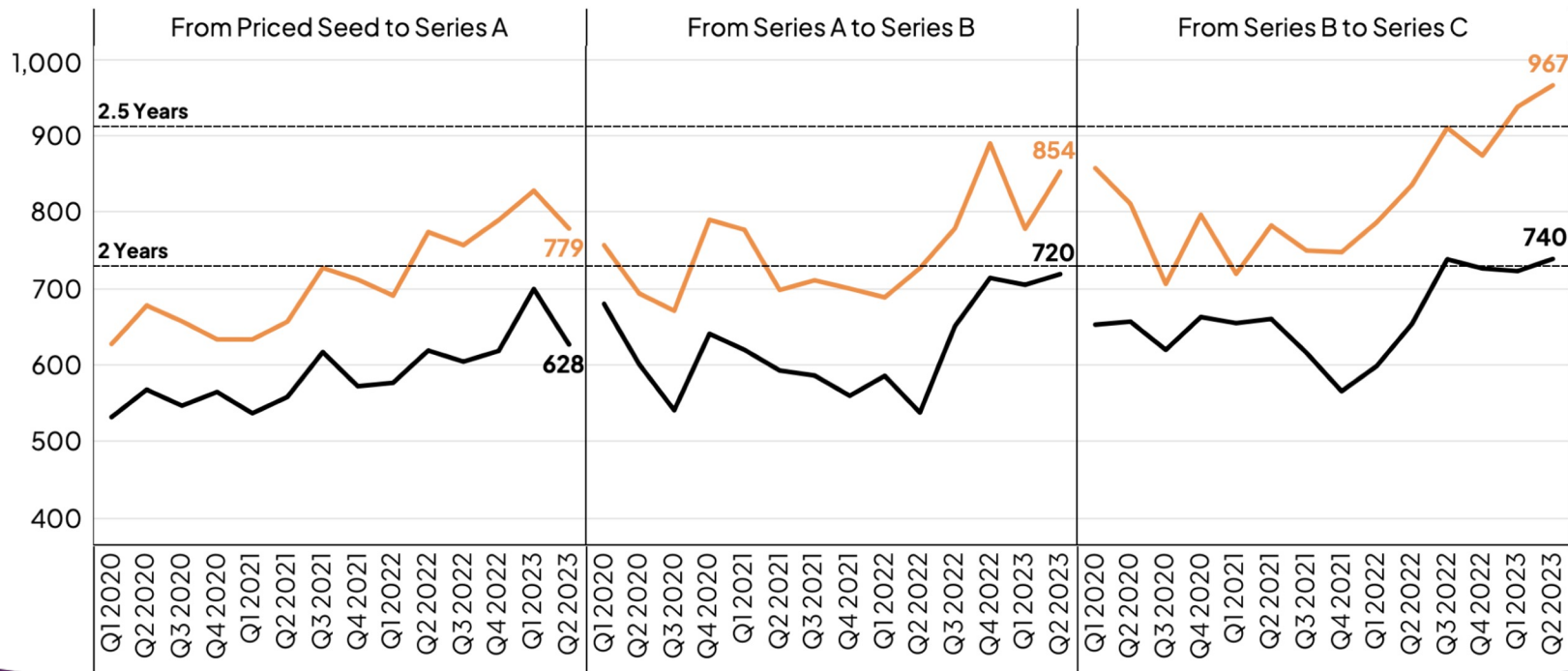
Percent of all rounds on Carta with a given term in the termsheet | 2020 | 2021 | 2022 | 2023



Time between rounds has risen 20%-30%

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Days between primary financings | Q1 2020–Q2 2023

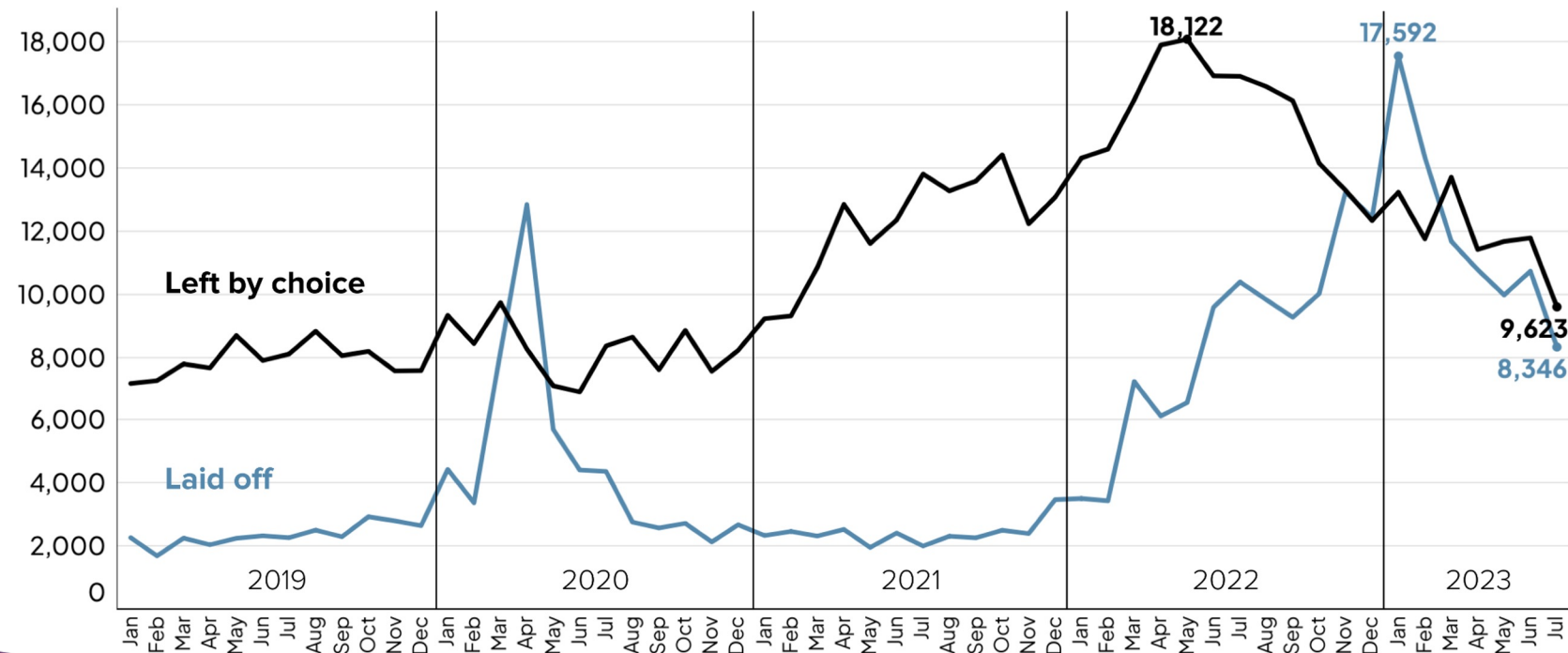


Impact on startup employees

Startup layoffs remain elevated

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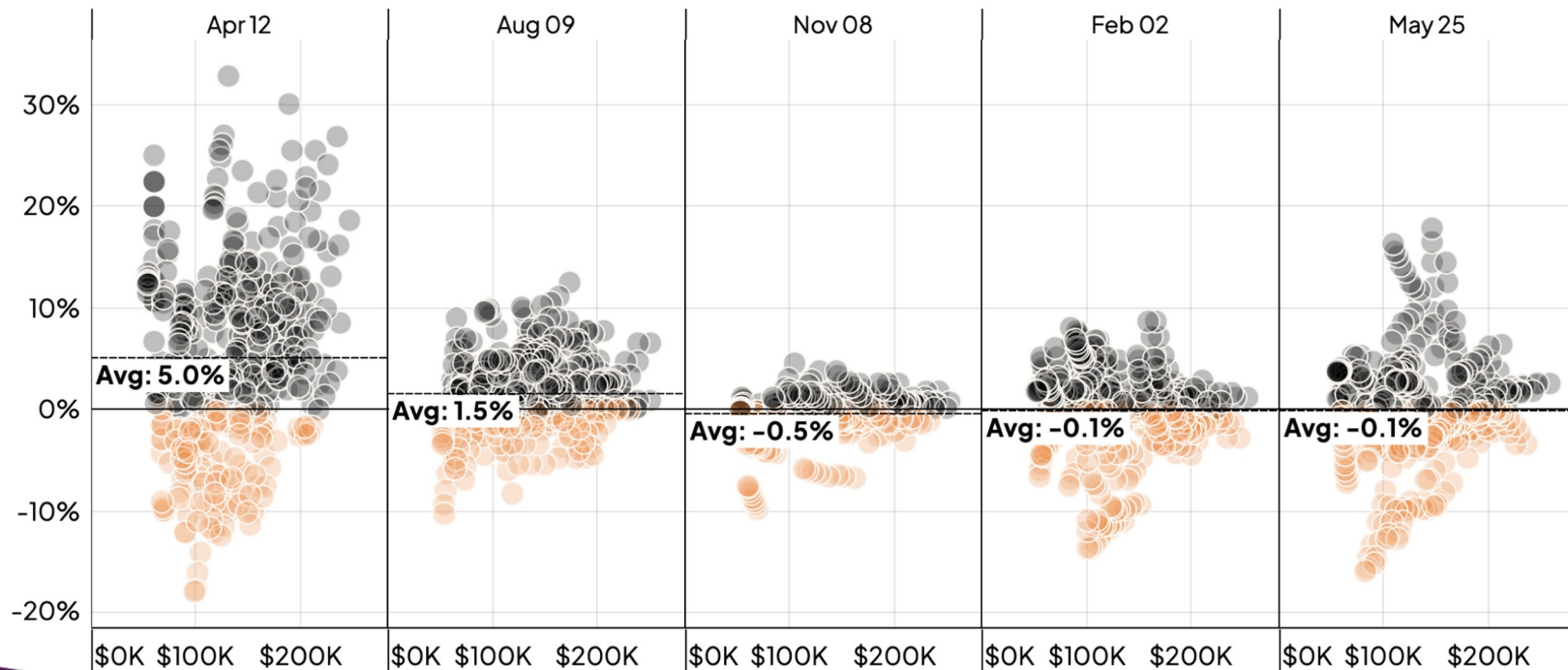
Total employees leaving their companies by choice or through layoff | Jan 2019–July 2023



Salaries for startup employees are declining slightly

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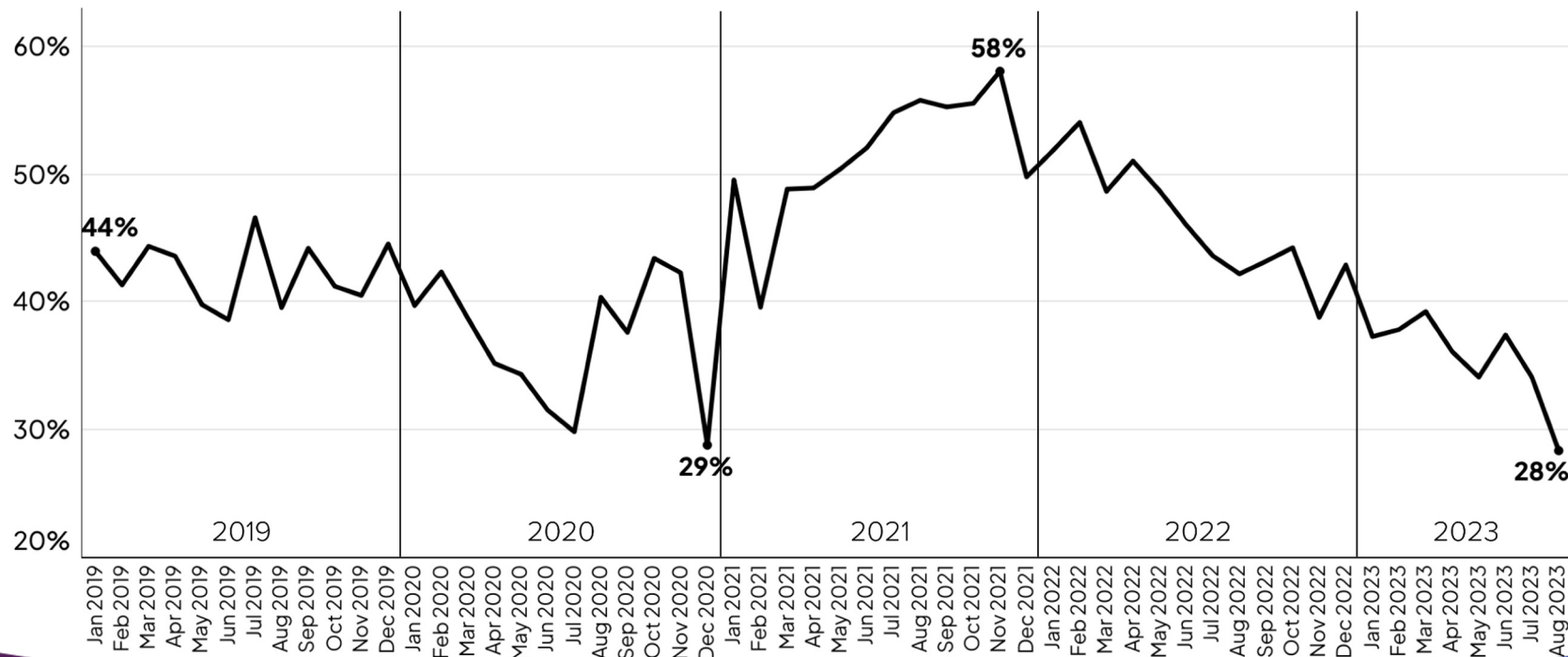
Percent change in average salary for employees (Entry through Director) from prior date



Startup employees are not exercising their equity

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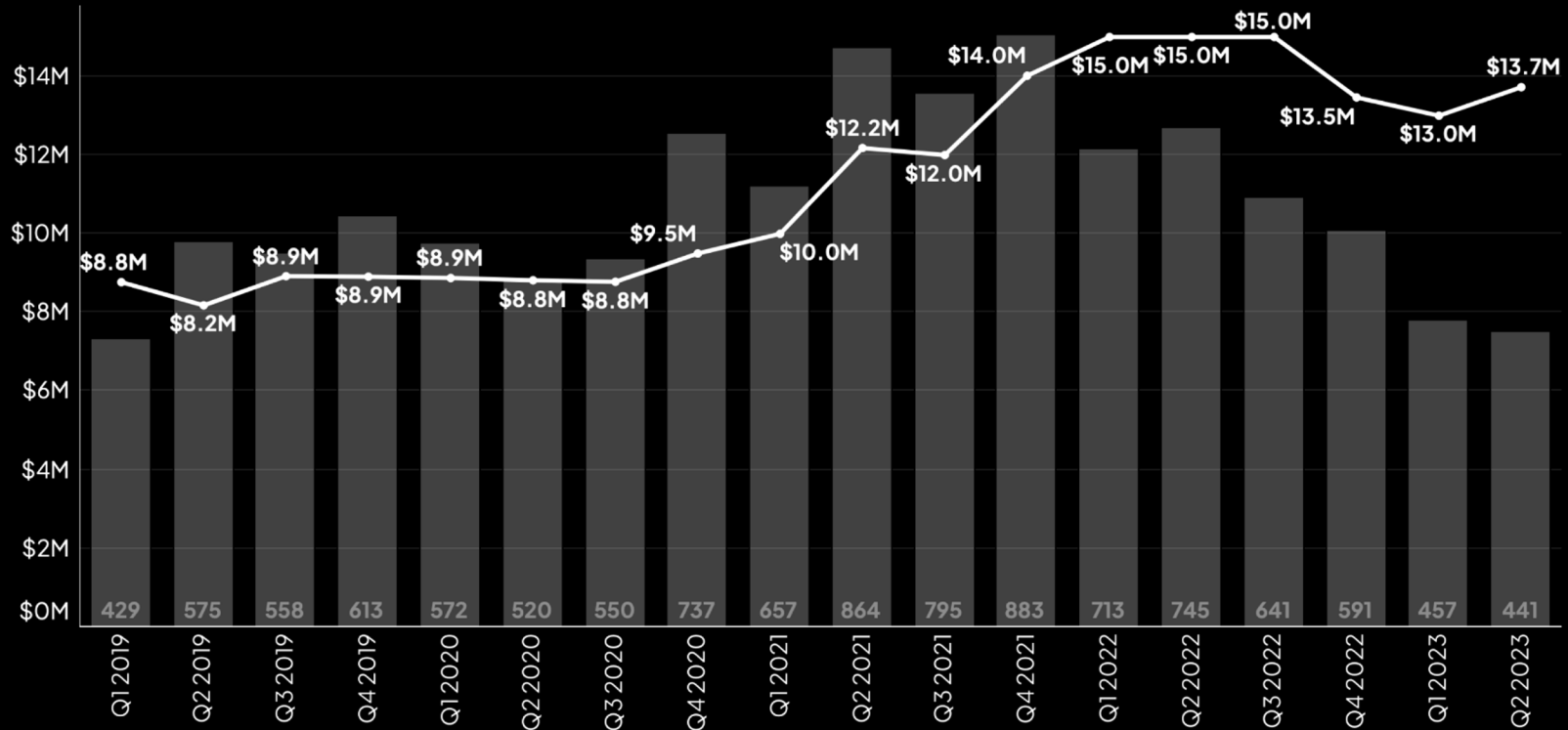
Percent of vested equity exercised before expiration | Jan 2019–Aug 2023



The market right now

Seed-stage valuations hovered around \$13.5M

Seed round volume and median pre-money valuation by quarter, Q1 2019—Q2 2023



Valuations are rising slowly

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Median pre-money valuations by stage | Q1 2022–Q3 2023 (incomplete)

	2022				2023		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Series A	\$48M	\$43M -10%	\$36M -16%	\$35M -3%	\$34M -4%	\$37M 11%	\$39M 4%
Series B	\$160M	\$120M -25%	\$110M -8%	\$75M -32%	\$71M -5%	\$91M 29%	\$85M -7%
Series C	\$334M	\$270M -19%	\$230M -15%	\$143M -38%	\$166M 16%	\$207M 25%	\$255M 23%
Series D	\$800M	\$307M -62%	\$550M 79%	\$270M -51%	\$155M -43%	\$206M 33%	\$282M 37%

Round sizes are rising slowly

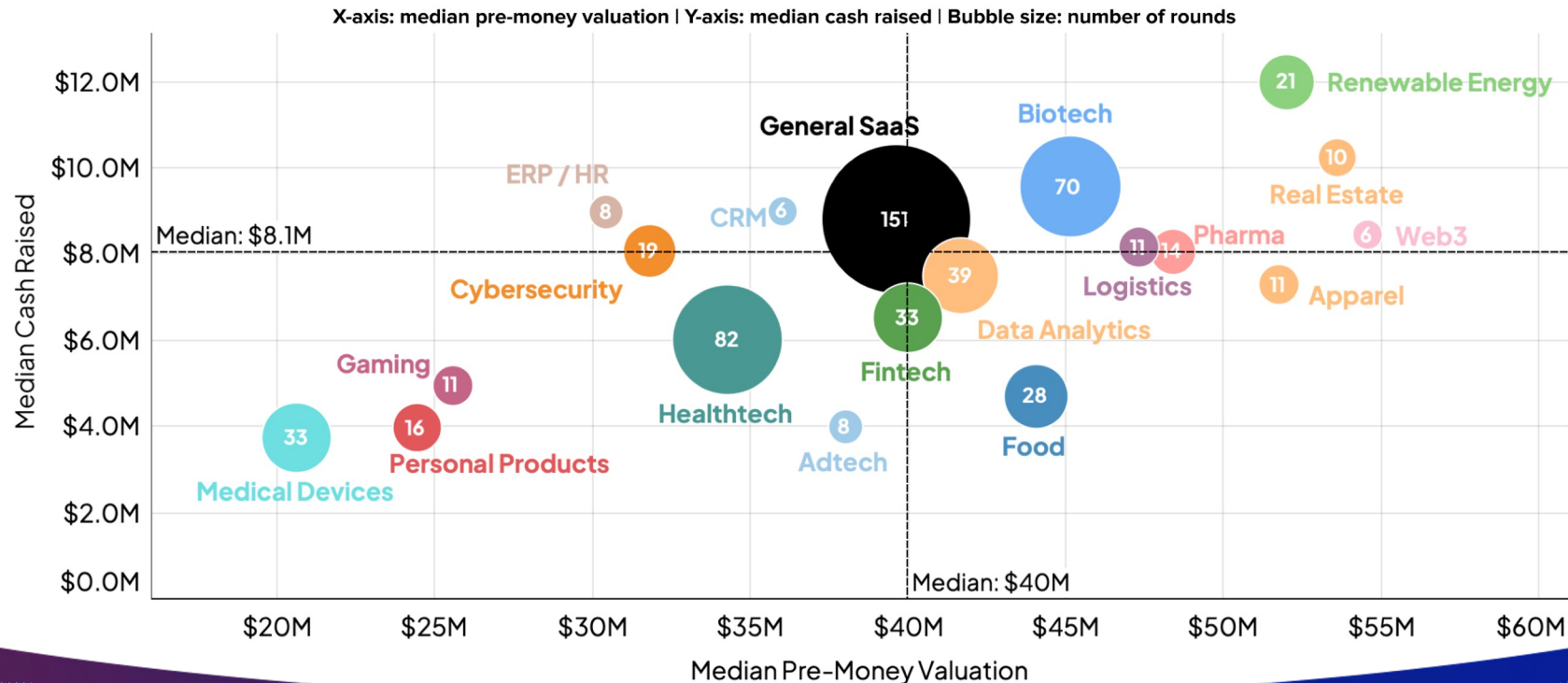
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Median cash raised for primary rounds by stage | Q1 2022–Q3 2023 (incomplete)

	2022				2023		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Series A	\$13.0M	\$12.0M -8%	\$9.6M -20%	\$9.9M 2%	\$8.0M -19%	\$8.7M 9%	\$10.7M 23%
Series B	\$30.0M	\$24.6M -18%	\$21.9M -11%	\$18.6M -15%	\$15.0M -19%	\$18.8M 26%	\$20.5M 9%
Series C	\$50.0M	\$35.3M -29%	\$36.8M 4%	\$28.2M -23%	\$26.7M -5%	\$27.1M 2%	\$31.5M 16%
Series D	\$87.9M	\$55.0M -37%	\$70.0M 27%	\$21.0M -70%	\$44.5M 112%	\$35.0M -21%	\$35.3M 1%

SaaS still dominates in Series A rounds

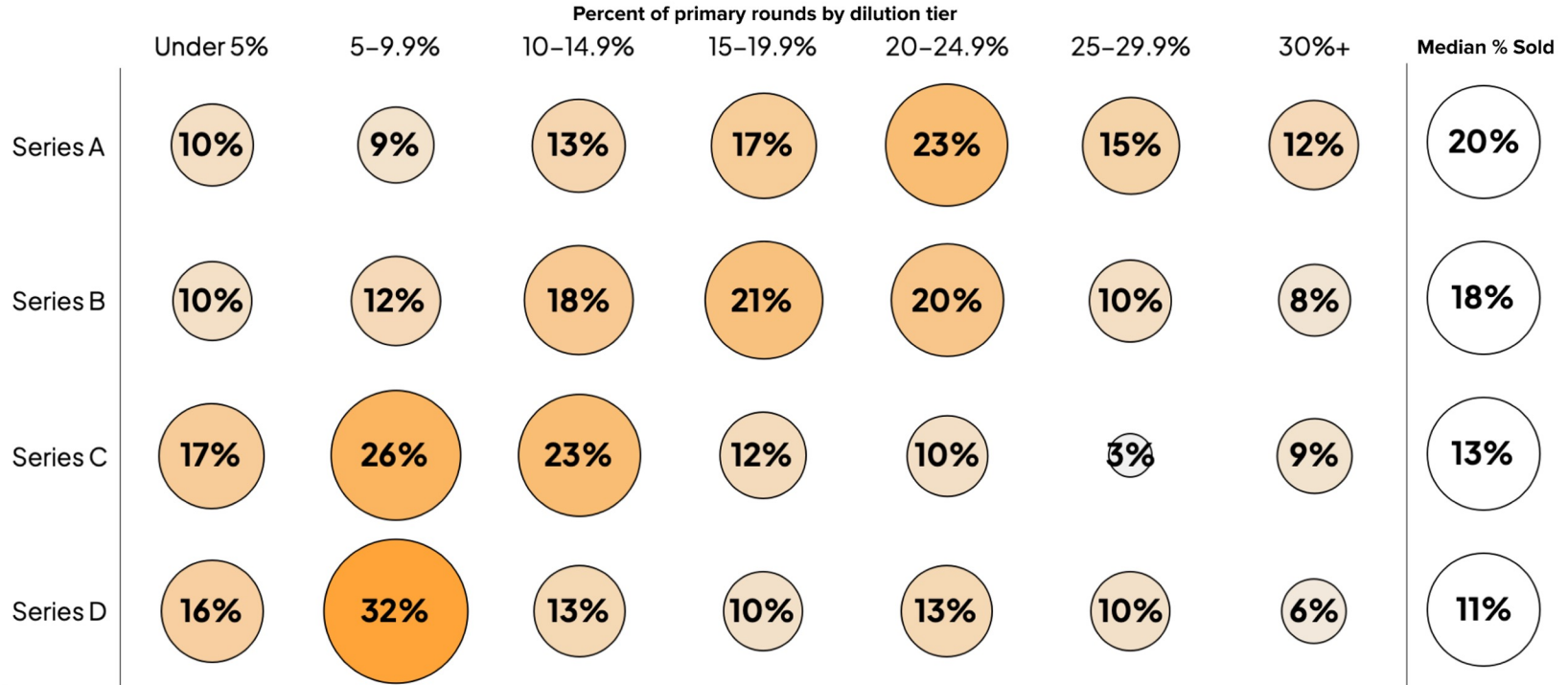
Series A medians for pre-money valuation and cash raised by industry | H1 2023



Dilution is in line with historical norms

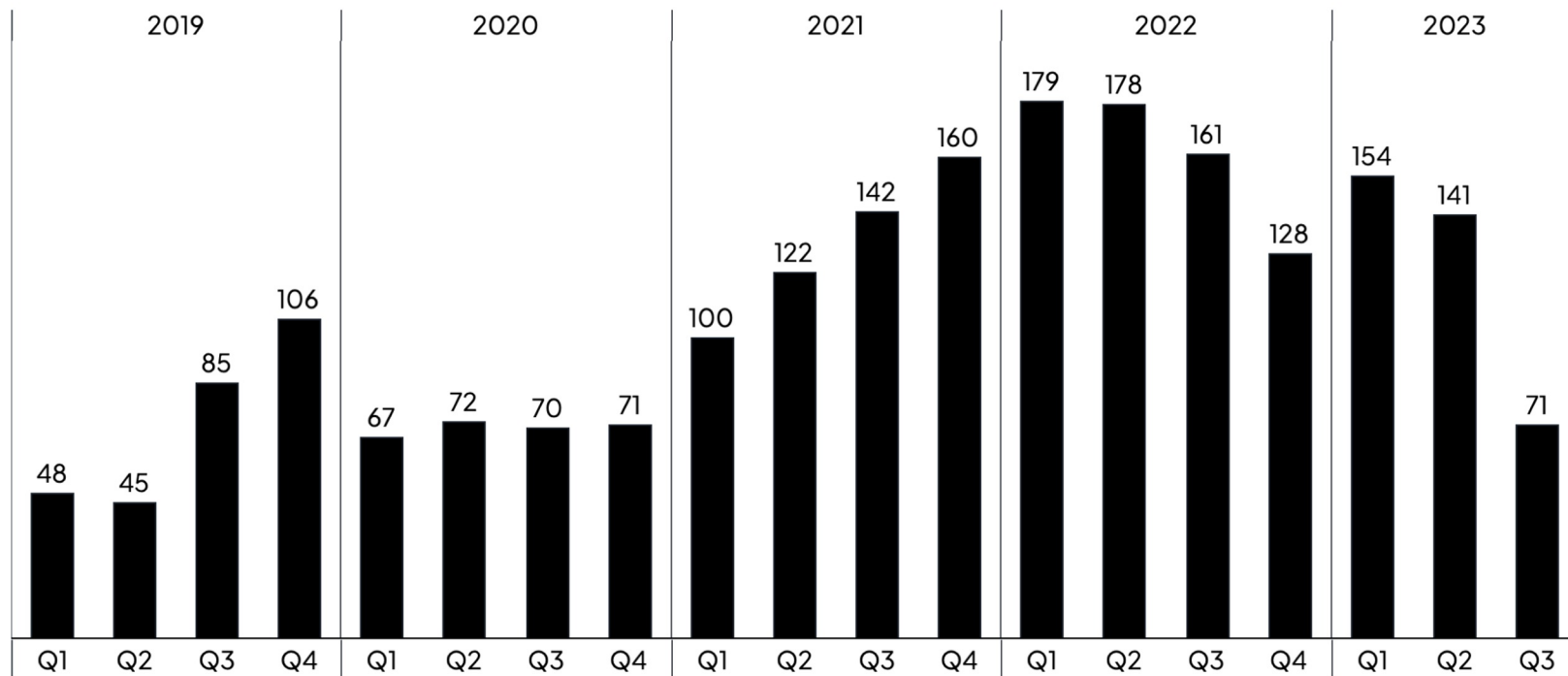
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Distribution of dilution by stage | Q2 2023 + Q3 2023 (incomplete)



M&A has not taken off of late

Acquired companies from across Carta by quarter | Q1 2019–Q3 2023 (incomplete)



Pre-Seed

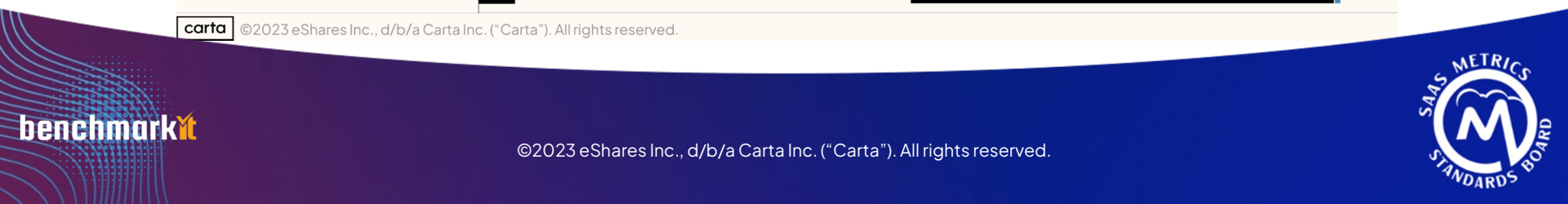
Convertible Notes still lead in specific sectors



Total dollars invested and percentage of total dollars by SAFEs or Convertible Notes in specific industries | H1 2023

Industry	Total capital invested	Percent by investment type		# companies
Medical Devices	\$30.2M	40%	60%	57
Hardware / Electronics / IT	\$126.4M	45%	55%	117
Pharmaceuticals/Biotech	\$99.6M	55%	45%	140
Energy	\$35.8M	70%	30%	57
Consumer Products and Services	\$140.8M	72%	28%	336
Healthcare Technology / Software	\$132.6M	68%	32%	237
B2B SaaS	\$464.7M	86%	14%	793
Fintech	\$149.4M	89%	11%	216
Web3	\$15.5M	96%		31
Education	\$21.3M	98%		58
Media	\$50.6M	98%		27

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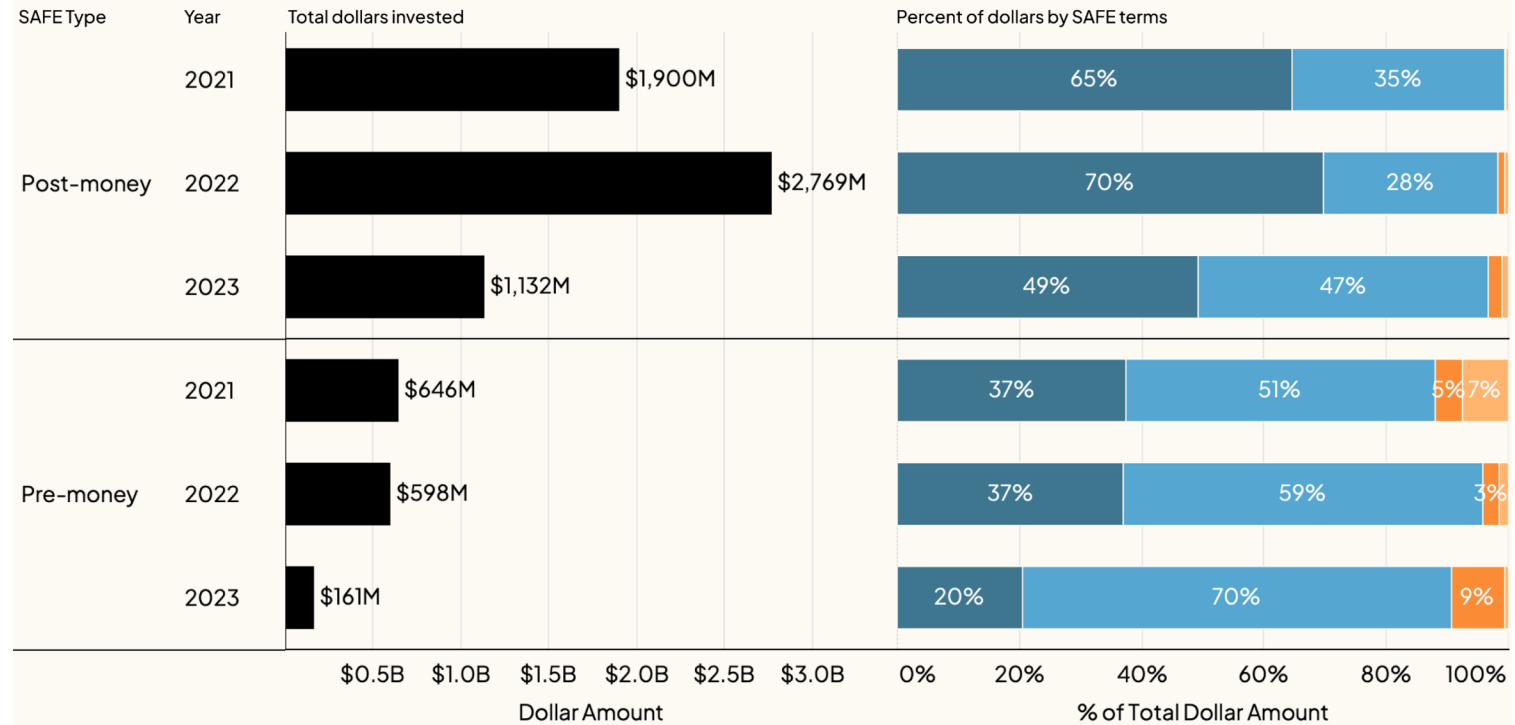
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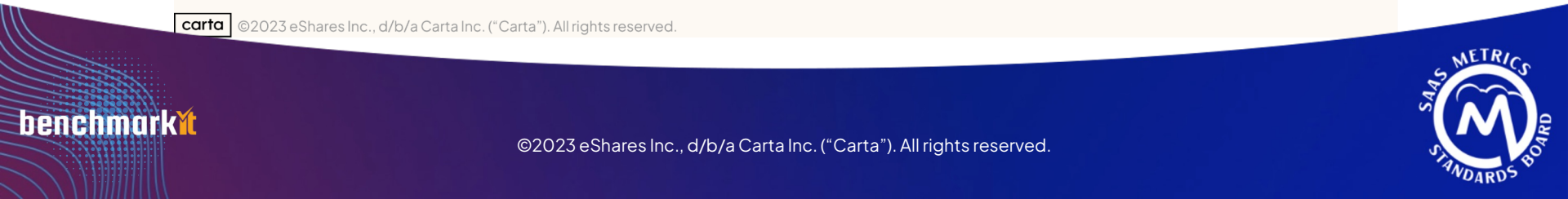
96% of SAFE investment has a valuation cap in 2023



Total dollars invested and percentage of total dollars by terms of SAFE | Val Cap, No Discount | Val Cap + Discount | Discount, No Val Cap | Neither



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Median valuation cap for a \$250K raise was \$6.5M in Q2

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Median valuation caps / % change from prior quarter split by total fundraising | post-money only | Q1 2021-Q2 2023

-10% 0% +10%

Total Raise	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Under \$250K	\$5.0M	\$5.0M 0%	\$5.0M 0%	\$5.0M 0%	\$5.0M 0%	\$6.0M 20%	\$5.0M -17%	\$6.0M 20%	\$6.0M 0%	\$5.5M -8%
\$250K-\$499K	\$6.0M	\$6.0M 0%	\$7.0M 17%	\$5.8M -18%	\$7.0M 22%	\$7.5M 7%	\$8.0M 7%	\$6.7M -16%	\$7.0M 5%	\$6.5M -7%
\$500K-\$999K	\$8.0M	\$7.0M -13%	\$8.0M 14%	\$8.0M 0%	\$8.0M 0%	\$10.0M 25%	\$10.0M 0%	\$10.0M 0%	\$10.0M 0%	\$10.0M 0%
\$1M-\$2.4M	\$10.0M	\$10.0M 0%	\$11.5M 15%	\$10.0M -13%	\$12.0M 20%	\$12.5M 4%	\$12.5M 0%	\$11.5M -8%	\$12.3M 7%	\$15.0M 22%
\$2.5M-\$4.9M	\$12.5M	\$15.0M 20%	\$15.0M 0%	\$17.0M 13%	\$20.0M 18%	\$20.0M 0%	\$20.0M 0%	\$20.0M 0%	\$20.0M 0%	\$20.0M 0%
\$5M+	\$15.0M	\$22.5M 50%	\$20.0M -11%	\$30.0M 50%	\$35.0M 17%	\$36.8M 5%	\$30.0M -18%	\$33.3M 11%	\$30.0M -10%	\$30.0M 0%

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Fun open questions

Will the venture rebound happen in new places?

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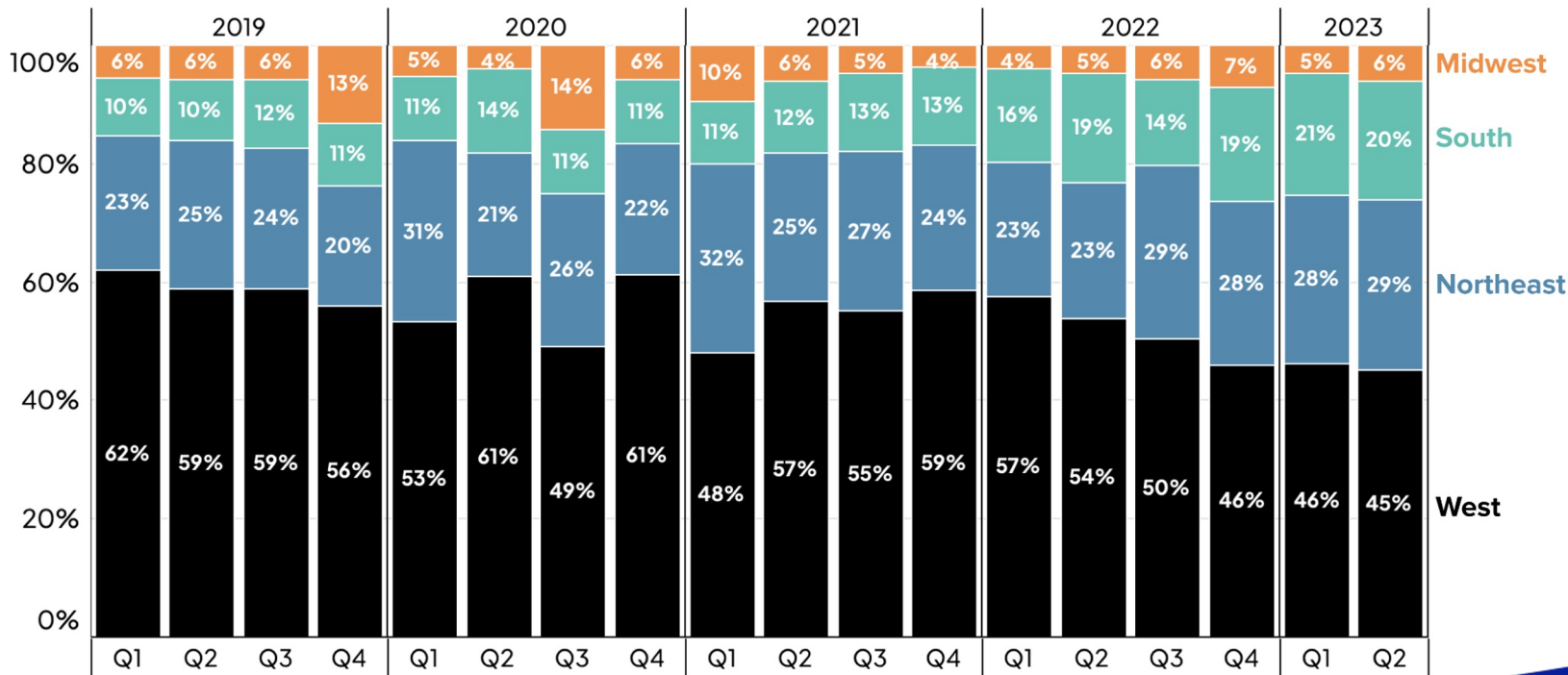
Percent of total capital invested by MSA of company HQ | 2021–Q3 2023 (incomplete)

	2021	2022	2023
Bay Area (SF + San Jose)	38.0%	34.2%	30.8%
New York–Newark–Jersey City	14.6%	12.7%	12.5%
Boston–Cambridge–Newton	9.7%	9.8%	14.0%
Los Angeles–Long Beach–Anaheim	6.6%	8.5%	7.0%
Seattle–Tacoma–Bellevue	3.1%	2.8%	2.9%
San Diego–Chula Vista–Carlsbad	2.8%	2.7%	2.8%
Austin–Round Rock–Georgetown	2.2%	2.2%	3.8%
Washington–Arlington–Alexandria	1.5%	2.7%	3.4%
Chicago–Naperville–Elgin	2.2%	1.6%	2.1%
Miami–Fort Lauderdale–West Palm Beach	1.3%	2.3%	0.8%
Denver–Aurora–Lakewood	1.2%	1.7%	0.7%
Philadelphia–Camden–Wilmington, PA–..	1.6%	1.0%	0.3%
Detroit–Warren–Dearborn, MI	1.4%	0.5%	0.2%
Dallas–Fort Worth–Arlington, TX	0.7%	1.0%	0.8%
Atlanta–Sandy Springs–Roswell	0.9%	0.8%	0.6%

Will the venture rebound happen in new places?



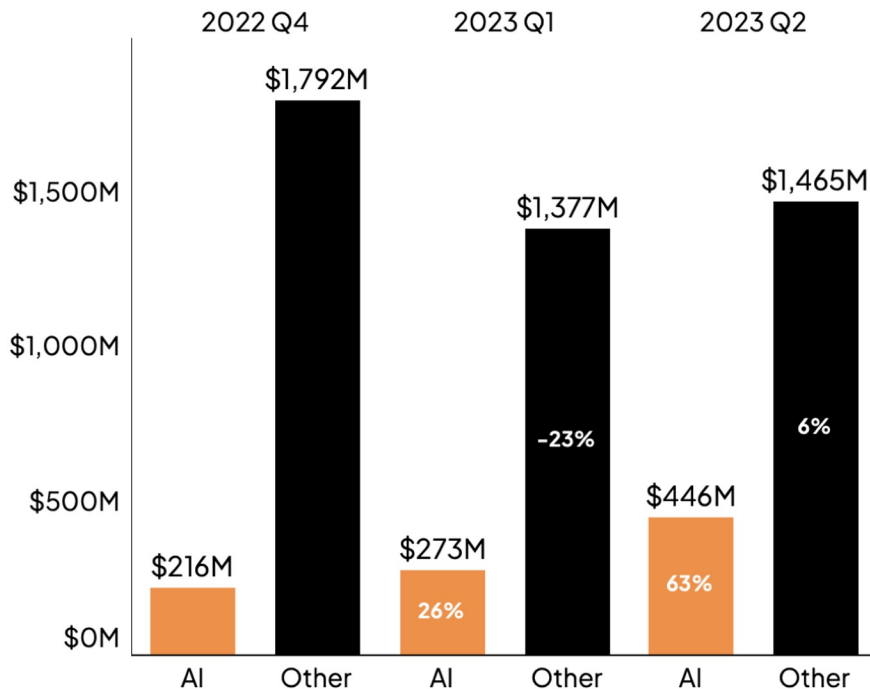
Percent of total capital invested by census region of company HQ | 2021–Q2 2023



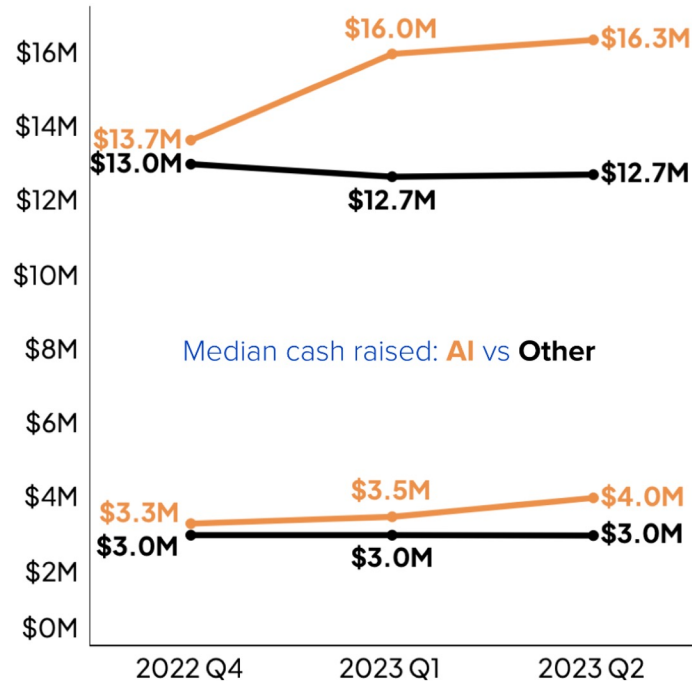
How will AI investing impact future fundraising?

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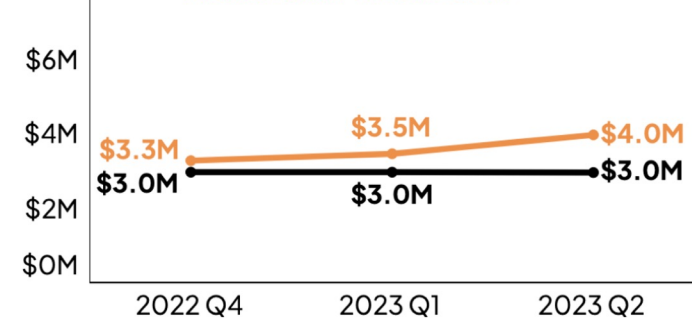
Investment in seed-stage AI and Other companies by quarter



Median pre-money valuation: AI vs Other



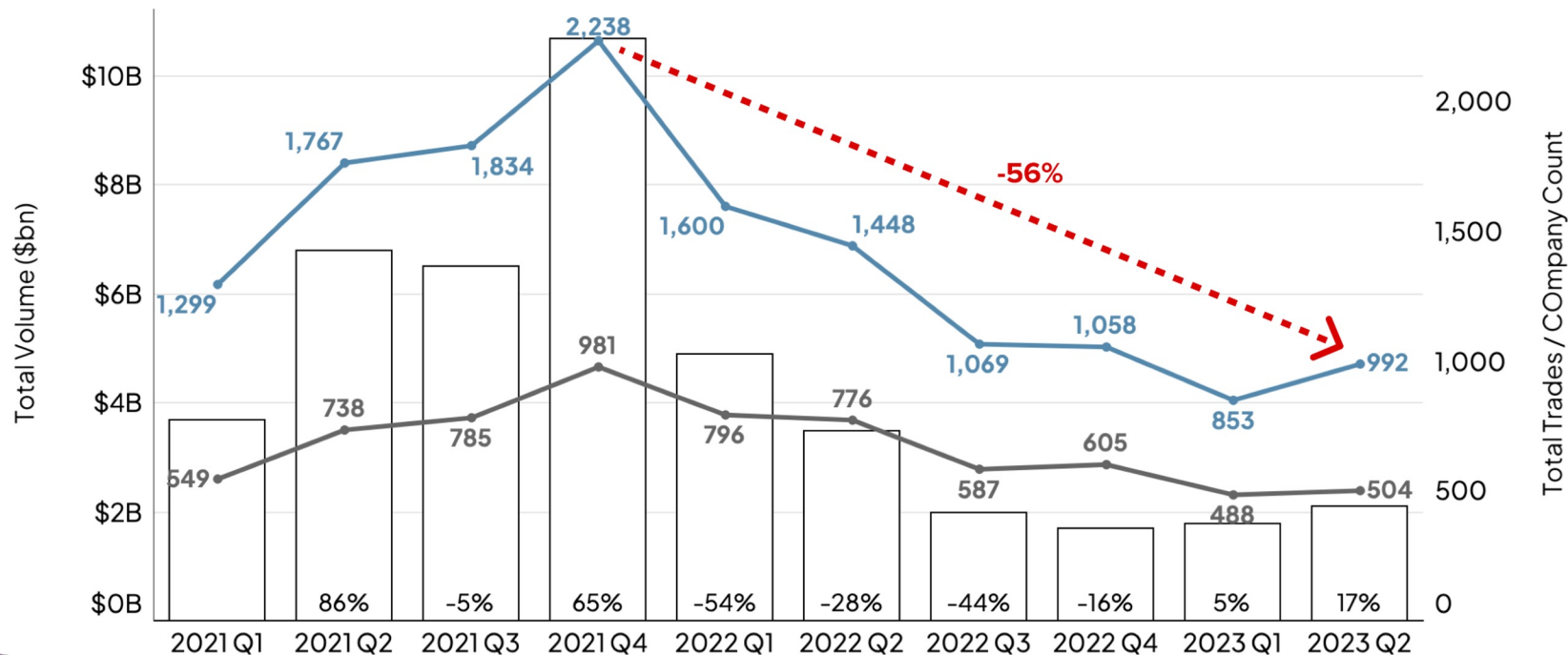
Median cash raised: AI vs Other



Will the secondary market find its footing?

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Carta data from aggregated bilateral secondary transactions | **Total Volume (\$B)** | Trades | Companies



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