PitchBook

UNIVERSITIES

REPORT

2015-2016 EDITION

MELIUS DATA. MELIORA IUDICIA.

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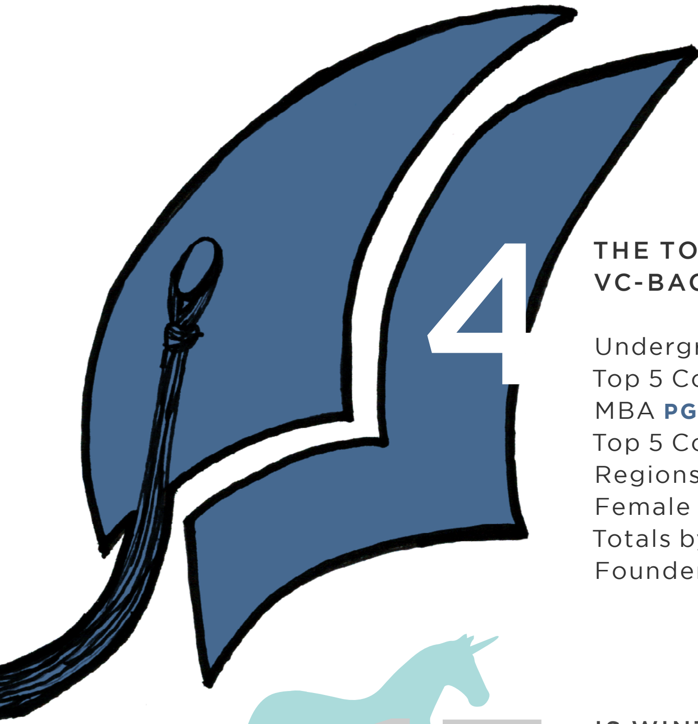

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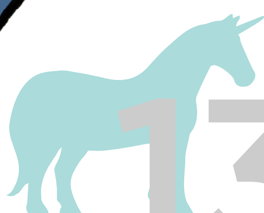

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Introduction

Third time's the charm.

We've ranked the top universities producing venture capital-backed entrepreneurs twice before, so the challenge has become how to make this particular edition even more interesting, informative and insightful.

In our first feature, we ranked the top 10 universities with undergraduate alumni who founded companies that received a first round of VC financing overall, then followed that up with rankings by year. In our second, we expanded our data by quite a bit. We listed the top 50 universities, then looked at the top 25 global MBA programs producing entrepreneurs who garnered VC. In addition, we looked at which programs ranked highest for VC-backed female entrepreneurs. Plus, we threw in league tables, analysis of impact investing and more, which you can find here.

Both features were very popular, so how did we top that this time around? First, the expected: We've updated our previous rankings of undergraduate and MBA programs worldwide to track numbers from the start of 2010 through the end of July 2015, drawing from our expanded VC database of 25,000+ valuations, 970,000+ people and 78,000+ VC-backed companies. To top the tables off, we ranked the top undergrad and MBA programs producing founders of unicorns—companies that have achieved a private valuation of $1 billion or more. As an added bonus, we've created tables of investor networks based on top-ranking universities, but to learn more, you'll have to ask us about that here.

As for additional venture-related content, there's plenty. Ben Hallen, Ph.D., of the University of Washington Foster School of Business shared his research on competitive information leakage, investor evaluation by entrepreneurs and more. Pulling from the PitchBook Platform, we examined the emergence of the private IPO. There's more, but you can find out for yourself in the following pages.

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PitchBook TOP UNIVERSITIES

For VC-backed Entrepreneurs

MELIUS DATA. MELIORA IUDICIA

TOP 50 UNDERGRADUATE

		entrepreneur count	company count	capital raised ($M)
1	Stanford	561	472	$5,896
2	UC Berkeley	536	468	$4,107
3	MIT	435	369	$4,555
4	Harvard	404	359	$4,955
5	University of Pennsylvania	393	351	$3,047
6	Cornell	323	291	$3,220
7	University of Michigan	312	272	$1,948
8	University of Texas	293	266	$2,005
9	Tel Aviv University	250	204	$1,754
10	University of Illinois	239	217	$2,061

DATA: PITCHBOOK

At the end of the day, the venture industry is based on relationships. We've heard many experienced investors say time and again how crucial a factor the proper team is, or how once they have built a strong enough relationship with certain people, they will follow them nearly anywhere. The interplay between entrepreneur and investor, between startup teams, between limited partner and general partner, all form the human nexus that enables the flow of money to innovation.

How does this relate to university programs producing entrepreneurs? There's a fairly strong case to be made that often it's not even the degree you graduate with but the personal connections you make in your time at school that determine your future. Which professors you interacted with the most, which classmates you bonded with closely—the people you end up spending the most time with, in short, end up directing your path. For entrepreneurs this is especially true. You may have the technical savvy and know-how that a degree in mechanical engineering confers, but do you know how to construct a 90-day business launch plan? How are your public relations skills? It is easier than ever to connect with people around the world nowadays, but in an era of depersonalized communication, personal connections come at a premium. Direct networks are more highly prized nowadays—especially the networks formed during the formative years of degree programs, when you are surrounded by likeminded individuals.

That is why it's so interesting to examine the rankings of the programs producing the most entrepreneurs. It's to be expected that top-notch schools lend themselves to the types of ambitious, inspired innovators who start plenty of companies and rake in plenty of venture capital. Yet that just goes to show just how valuable the networks created by those types of people are while they are at school. It also is impressive to see how many companies have been started by entrepreneurs from those schools, not to mention how much VC they have garnered. Founders from the top 10 undergrad programs alone have created over 3,000 companies and raked in $33.5 billion in VC.

See UNIVERSITIES on pg. 7 »

TOP 50 UNDERGRADUATE (CONT.)

Rank	School	entrepreneur count	company count	capital raised ($M)
11	Yale	225	207	$1,756
12	Carnegie Mellon	223	189	$1,581
13	Columbia	219	201	$2,332
14	Princeton	215	204	$1,840
15	UCLA	212	198	$2,136
16	U. of Wisconsin	211	192	$1,740
17	USC	194	180	$1,044
18	BYU	193	153	$1,846
19	Duke	191	184	$2,443
20	Technion	187	161	$1,176
21	U. of Waterloo	182	141	$2,616
22	NYU	176	162	$959
23	Brown	176	158	$1,720
24	U. of Maryland	168	156	$1,001
25	U. of Washington	165	142	$930
26	UC San Diego	160	154	$1,511
27	Dartmouth	154	140	$1,265
28	Northwestern	148	135	$1,337
29	U. of Colorado	143	131	$1,489
30	U. of Virginia	140	133	$930

Rank	School	entrepreneur count	company count	capital raised ($M)
31	Boston University	140	134	$1,026
32	Georgia Tech	139	124	$1,341
33	McGill University	136	130	$1,703
34	U. of Toronto	133	118	$1,523
35	Georgetown	129	124	$951
36	Purdue	125	115	$773
37	UNC	116	108	$1,104
38	Penn State	116	104	$612
39	Hebrew University	116	102	$968
40	Trinity College	114	106	$655
41	Tufts University	112	107	$1,254
42	UC Santa Barbara	109	101	$410
43	Ohio State	105	94	$547
44	UC Davis	104	99	$528
45	Boston College	103	93	$499
46	U. of Minnesota	100	93	$891
47	Vanderbilt	95	86	$500
48	Queen's University	94	82	$509
49	Indiana University	94	87	$793
50	Washington U.	90	87	$710

DATA: PITCHBOOK

TOP UNIVERSITIES: TOP 5 COMPANIES BY CAPITAL RAISED (UNDERGRAD.)

Rank	University	Companies
1	Stanford	Snapchat, RET Capital, Mereo BioPharma, 21, Blueprint Medicines
2	University of California, Berkeley	Campaign Monitor, Jand, Quixey, Munchery, Udemy
3	MIT	Human Longevity, Oscar Health, Seres Therapeutics, Langkoo, Munchery
4	Harvard	Zenefits, Coupang, Blue Apron, Blu Homes, Bond Street Marketplace
5	University of Pennsylvania	Flatiron Health, Cvent, Anki, Jounce Therapeutics, Wheels Up Partners
6	Cornell	Moderna, Wayfair, Kilowatt Financial, Hampton Creek Foods, PureTech Ventures
7	University of Michigan	Nest Labs, Altiostar Networks, Tower Cloud, ShopKeep.com, Twist Bioscience
8	University of Texas	Jade eServices, Calxeda, Jounce Therapeutics, Hotel Tonight, Casper Sleep
9	Tel Aviv University	Houzz, ironSource, Credorax, Primary Data, Qwilt
10	University of Illinois	Avant, Affirm, Grand Rounds, WhisperText, MyoKardia
11	Yale	Dataminr, AltSchool, Hua Medicine, Spark Therapeutics, SimpliSafe
12	Carnegie Mellon	Hortonworks, Nest Labs, LendingHome, Anki, Duolingo
13	Columbia	DraftKings, Human Longevity, Denali Therapeutics, ZestFinance, Compass
14	Princeton	Jet, Docker, Wimdu, Casper Sleep, Telcare
15	UCLA	Hortonworks, Invitae, Flipagram, The Honest Company, Global Blood Therap.

DATA: PITCHBOOK

PitchBook TOP 25 MBA

Rank	School	entrepreneur count	company count	capital raised ($M)
1	Harvard	557	497	$6,746
2	Stanford	394	341	$4,077
3	U. of Pennsylvania	327	285	$4,084
4	MIT	219	190	$3,366
5	Northwestern	211	194	$2,273
6	Columbia	186	174	$1,267
7	INSEAD	185	165	$1,936
8	U. of Chicago	166	151	$1,520
9	UC Berkeley	141	128	$1,253
10	NYU	120	117	$1,565
11	UCLA	118	113	$932
12	LBS	94	84	$384
13	Tel Aviv University	83	80	$1,112
14	U. of Michigan	78	70	$414
15	U. of Texas	71	63	$370
16	Duke University	68	66	$266
17	Babson College	67	61	$416
18	Dartmouth	52	48	$583
19	USC	51	50	$460
20	IE Bus. Sc.	47	39	$360
21	Carnegie Mellon	46	42	$729
22	Yale	43	41	$185
23	HEC Paris	42	42	$275
24	Cornell	41	41	$215
25	U. of Washington	40	36	$69

DATA: PITCHBOOK

» **UNIVERSITIES from pg. 4**

Going down the list, things get a bit more interesting. It's not just globally renowned private universities that can boast plenty of entrepreneurs. Public U.S. state schools such as UCLA, UC Berkeley, the University of Washington and others make a strong showing in the undergraduate tables, all ranking in the top 25. As for MBA programs, it makes sense INSEAD and Tel Aviv University ascend up the list, with their established professional programs unsurprisingly turning out a considerable number of entrepreneurial sorts.

Another interesting insight gleaned from these tables is the confluence of venture capital, established industries and academic hotspots. Silicon Valley is the prime example of all three, but as we noted in our prior Universities feature, the University of Michigan and University of Colorado both represent the intersection of emerging or maturing startup ecosystems and academia. Our geographic breakdown further illustrates such intersections: The strength of Israel's tech scene is well known by now, while healthy numbers from no fewer than four India-based MBA programs—Indian School of Business, Indian Institute of Management-Ahmedabad, IIM-Calcutta and IIM-Bangalore—point to the spreading global reach of the maturing venture industry.

There's a lot to explore in the data behind these tables. In our platform, you can scrutinize expanded versions of these lists, identify founders or investors, scan detailed financing histories and more. We'd be happy to get you what you need. Email us for a free demo at demo@pitchbook.com.

TOP UNIVERSITIES: TOP 5 COMPANIES BY CAPITAL RAISED (MBA)

Rank	University	Top 5 companies
1	Harvard	GrabTaxi, Oscar Health Insurance, Jet, Jumia Nigeria, Blue Apron
2	Stanford	Social Finance, Harry's Razor Company, Jumei Intl, Cardlytics, LendingHome
3	University of Pennsylvania	Harry's Razor Company, Jet, Denali Therapeutics, Jand, Grocery Delivery
4	MIT	Rocket Internet, Lazada, Foodpanda, Grocery Delivery, The Iconic
5	Northwestern University	Lazada, Westwing Home & Living, Craftsvilla, The Iconic, Hotel Tonight
6	Columbia University	Betterment, ShopKeep.com, Edmodo, Compass, Locodel Solutions
7	INSEAD	Comércio Digital BF, Houzz, Seres Therapeutics, TransferWise, Wimdu
8	University of Chicago	Juno Therap., Denali Therap., WhisperText, Dr. on Demand, Braintree
9	University of California, Berkeley	QuantumScape, The Iconic, Avalanche Biotech, FreedomPop, Netskope
10	New York University	Lazada, Illumio, Sprinklr, Scopely, ImaginAb
11	UCLA	The Honest Company, Tealium, Radiology Partners, Razer, Utopia Global
12	London Business School	WorldRemit, Next Education India, Badgeville, ASLAN Pharma, 8 Securities
13	Tel Aviv University	Houzz, ironSource, Karyopharm Therapeutics, Qwilt, Ravello Systems
14	University of Michigan	Wimdu, Upstart Network, NeuMoDx Molecular, Beckon, True Fit
15	University of Texas	Beauty Trend, Xenex Disinfection Svcs, WellAware, Servergy, Tristream Energy

DATA: PITCHBOOK

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TOP 10 EU & ROW

EUROPE UNDERGRAD

Rank	School	entrepreneur ct	company count	capital raised ($M)
1	Trinity College	114	106	$655
2	Oxford	72	68	$983
3	U. of Manchester	71	70	$431
4	U. College Dublin	70	62	$275
5	Cambridge	69	65	$419
6	London Sc. Econ.	54	53	$1,018
7	Copenhagen B. Sc.	54	49	$1,318
8	Imperial College	49	48	$412
9	U. of Nottingham	41	36	$233
10	U. of Warwick	39	36	$153

DATA: PITCHBOOK

EUROPE MBA

Rank	School	entrepreneur count	company count	capital raised ($M)
1	INSEAD	185	165	$1,936
2	LBS	94	84	$384
3	IE Bus. Sc.	47	39	$360
4	HEC Paris	42	42	$275
5	IESE Bus. Sc.	39	32	$171
6	Oxford	38	31	$252
7	ESADE	38	36	$32
8	U. College Dublin	18	18	$164
9	ESSEC	17	17	$231
10	London Sc. Econ.	15	15	$79

DATA: PITCHBOOK

REST OF WORLD UNDERGRAD

Rank	School	entrepreneur ct	company count	capital raised ($M)
1	Tel Aviv University	250	204	$1,754
2	Technion	187	161	$1,176
3	U. of Waterloo	182	141	$2,616
4	McGill University	136	130	$1,703
5	U. of Toronto	133	118	$1,523
6	Hebrew University	116	102	$968
7	Queen's University	94	82	$509
8	Interdiscip. Center	90	73	$524
9	Ben Gurion U.	88	80	$493
10	U. of British Col.	76	70	$470

DATA: PITCHBOOK

REST OF WORLD MBA

Rank	School	entrepreneur count	company count	capital raised ($M)
1	Tel Aviv University	83	80	$1,112
2	Indian School of Bus.	33	28	$138
3	IIM*-Ahmedabad	32	30	$519
4	FGV Brazil	29	24	$345
5	IIM-Calcutta	24	23	$203
6	U. of Toronto	21	18	$42
7	U. of W. Ontario	20	18	$134
8	Technion	20	18	$140
9	IIM-Bangalore	20	19	$212
10	Interdiscip. Center	19	17	$26

DATA: PITCHBOOK

*INDIAN INSTITUTE OF MANAGEMENT

PitchBook

TOP 10 FOR WOMEN

TOP 10 UNDERGRADUATE

		entrepreneur count	company count	capital raised ($M)
1	Stanford	70	67	$423
2	University of Pennsylvania	62	59	$249
3	UC Berkeley	57	56	$235
4	Harvard	48	48	$528
5	MIT	42	41	$251
6	New York University	39	38	$105
7	University of Michigan	35	29	$194
8	Yale	34	34	$219
9	Cornell	32	31	$226
10	University of Texas	31	31	$80

DATA: PITCHBOOK

TOP 10 MBA

		entrepreneur count	company count	capital raised ($M)
1	Harvard	90	82	$1,200
2	Stanford	65	61	$234
3	University of Pennsylvania	40	37	$437
4	MIT	35	33	$115
5	Columbia	34	34	$140
6	Northwestern	22	20	$134
7	UC Berkeley	17	17	$95
8	University of Chicago	13	13	$16
9	INSEAD	13	13	$139
10	University of Michigan/NYU	12	10/12	$30/$37

DATA: PITCHBOOK

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TOP 10 BY FUNDING YEAR

TOP 10 UNDERGRADUATE

Rank	School	2010-'11	'11-'12	'12-'13	'13-'14	'14-'15
1	Stanford	80	131	144	103	103
2	UC Berkeley	78	106	143	112	97
3	MIT	66	88	115	93	73
4	Harvard	59	80	77	110	78
5	University of Pennsylvania	51	78	95	94	75
6	Cornell	46	81	76	66	54
7	University of Michigan	38	79	87	54	54
8	University of Texas	34	50	67	76	66
9	Tel Aviv University	40	57	49	66	38
10	University of Illinois	45	41	55	45	53

DATA: PITCHBOOK

TOP 10 MBA

Rank	School	2010-'11	'11-'12	'12-'13	'13-'14	'14-'15
1	Harvard	89	120	123	131	94
2	Stanford	63	83	89	84	75
3	University of Pennsylvania	55	75	80	53	64
4	MIT	24	52	58	40	45
5	Northwestern	29	41	44	52	45
6	Columbia	25	44	45	37	35
7	INSEAD	20	32	48	54	31
8	University of Chicago	26	32	50	25	33
9	UC Berkeley	21	24	33	37	26
10	New York University	12	23	35	25	25

DATA: PITCHBOOK

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TOP BY UNICORNS

TOP 10 UNDERGRADUATE

		entrepreneur count	unicorn count	capital raised ($M)	top 3 companies by VC raised
1	Stanford	12	10	$4,929	Palantir Tech., Snapchat, Aliphcom
2	Harvard	10	9	$5,165	Facebook, Cloudera, Zenefits
3	UC Berkeley	6	6	$2,502	Cloudera, Calient Tech., Machine Zone
4	Cornell	6	5	$2,478	Lyft, Moderna, Wayfair
5	University of Michigan	6	4	$1,825	Groupon, Medallia, Twilio
6	BYU	5	4	$783	Qualtrics, Pluralsight, InsideSales.com
7	University of Waterloo	5	4	$1,615	Hangzhou Kuaidi, ContextLogic, Instacart
8	MIT	5	5	$1,661	Dropbox, A123 Systems, Oscar Health
9	Princeton	4	3	$582	AppNexus, Docker, Akamai Technologies
10	Brown	4	4	$1,010	MongoDB, Funding Circle, Jand

DATA: PITCHBOOK

TOP 6 MBA

		entrepreneur count	unicorn count	capital raised ($M)	top 3 companies by VC raised
1	Stanford	15	11	$3,157	HomeAway, Soc. Finance, Prosper Mktpl.
2	Harvard	14	10	$2,954	Zynga, GrabTaxi, Oscar Health Insurance
3	U. of Pennsylvania	6	3	$1,798	Dianping.com, Jand, Grocery Delivery
4	INSEAD	6	5	$807	MongoDB, Houzz, BlaBlaCar
5	MIT	5	5	$2,449	Rocket Internet, Lazada, A123 Systems
6	New York University	4	4	$1,299	Lazada, Violin Memory, Illumio

DATA: PITCHBOOK

If Winter Is Coming, How Well Are Unicorns Prepared?

BY MIKEY TOM

What if the private market tourists go home for the winter? What would happen to the unicorns if the funding pipeline froze?

The slowdown in the Chinese economy, combined with the European debt crisis and the recent plunge in oil prices, has contributed to a global economic environment that has experienced increasing uncertainty. The culmination of these events played a role in the drop in the U.S. stock market that we saw last month, fueling a lot of buzz about how long valuations in the venture capital industry can remain at their lofty levels. If these trends continue, and the markets take a turn for the worse, companies looking to fundraise will find it harder to secure more funding through both the public and private markets.

The companies that may be hit especially hard are unicorns (startups valued at $1 billion or more). After raising large rounds at such high valuations, many will be expected to be working toward an IPO or will need to raise another large round from the private sector.

It's hard to blame these startups for grabbing money while it's cheap, but winter may be coming for raising capital and the jury is out on whether some of these companies are prepared to survive. Paper gains burn up pretty quickly, after all. Erin Griffith (Fortune), Brad Feld (Foundry Group), Nick Bilton (Vanity Fair) and Aileen Lee (Cowboy Ventures), among others, have written about the potential death of some of these unicorns, a notion that has led to a new buzzword: unicorpses.

See WINTER FOR UNICORNS on pg. 15»

Q&A: Professor Benjamin Hallen Discusses Fundraising for Entrepreneurs, Investor Evaluation and More

BY GARRETT BLACK

For this edition of our Universities Report, we reached out to Benjamin Hallen, Assistant Professor of Management at the Foster School of Business at the University of Washington, to talk about common challenges facing entrepreneurs, among other issues.

Q: In your opinion, what are lesser known but valuable aspects of successful fundraising entrepreneurs should know?

A: Entrepreneurs often correctly recognize that investors will look at the characteristics of their target market, the viability of their solution, their progress to date, any competitive advantages, and the fit between the opportunity and the team. Moreover, most entrepreneurs quickly learn that it is generally best to approach investors through referrals.

Yet these elements on their own are not sufficient, especially if entrepreneurs wish to raise funds quickly and from desired investors. A few years ago, Kathy Eisenhardt at Stanford University and myself came to recognize that many of our former students had promising ideas but were struggling through slow and difficult fundraising processes. Accordingly, we set out to study how might entrepreneurs more efficiently raise venture capital. We studied this by building detailed case studies of the fundraising histories of several entrepreneurs in the Internet security sector. We tracked the entrepreneurs across multiple attempted rounds, looked at how they sought to raise, and interviewed both investors who passed on the deals and who ultimately invested. We were also fortunate to observe a number of instances where entrepreneurs struggled to raise, changed their fundraising tactics and then were quite successful – thus helping us further tease out the impact of the idea and team from fundraising behaviors.

Our findings, which were ultimately published in the Academy of Management Journal, showed that entrepreneurs lacking strong working relationships with target investors could improve the efficiency and effectiveness of their fundraising through four specific behaviors:

1. Casual dating: approaching an investor a few months prior to a round to ask for advice and to get to know one another, while avoiding explicit discussions about an investment at that time. This accelerates trust by delaying tensions around a deal decision, while also allowing entrepreneurs to preemptively address identified flaws.
2. Timing around proofpoints: waiting to begin formally raising until right after reaching a simple and easily verified accomplishment. For example, beta customers now using the product, closing the first enterprise sales, or reaching a certain growth rate. This makes diligence easier and allows all of the partners in a VC firm to quickly get on board.
3. Scrutinizing interest: recognizing that many investors will continue ongoing meetings while not actively moving toward an investment. Entrepreneurs were more efficient when they focused on investors who were proactively engaging in additional diligence and not simply requesting regular coffees or updates.
4. Crafting alternatives: seeking an outside such as bootstrapping, not raising, or talking to acquirers so as to force investor decisions. What was interesting was that entrepreneurs generally had to have an option besides interest from other VCs to get the first offer.

Q: What are some of the biggest challenges for entrepreneurs in the investor evaluation process?

Time and knowledge. Time because entrepreneurs are really busy with all their other venture challenges such as finding product/market fit, hiring, and building an organization. This means they often rely heavily on referrals to investors, without conducting much additional diligence early on about the track record and reputations of the investors with whom they are meeting.

Knowledge because many entrepreneurs do not realize the gaps left by their “intuitive” evaluation processes. Recent research I have done indicates that many entrepreneurs largely evaluate VCs based on whether they have heard of the VC before and whether they associate the VC firm with any high-growth ventures. While there are some merits to these heuristics, expert entrepreneurs also consider many more factors: which partner in the firm will they be working with, the track records of those individuals (including both successes and failures), whether different investors in a deal offer complementary perspectives, and how these investors have previously behaved in deals where ventures ran into challenges.

For entrepreneurs the big takeaway of the research is that unless they have raised before, they should develop a network of other entrepreneurs and domain experts to help guide them – and to be sure to talk to former investments that did not produce a major exit. For VCs the implication is that PR and broad referral networks are especially important, particularly if targeting first-time entrepreneurs.

Q: One of your upcoming papers delves into competitive information leakage. To what extent have you seen this affect the venture industry over the past few years?

This is a new paper that is forthcoming at the Academy of Management Journal with Emily Pahnke here at the University of Washington, as well as Rory McDonald at Harvard and Dan Wang at Columbia. Using quantitative analysis of 22 years of investment in the medical device industry, we found that when a VC makes a competing investment in a direct competitor, the original investment subsequently is less innovative. Moreover, a variety of tests and interviews indicate that the effect is likely causal and not simply a matter of the new venture being more promising.

What causes the effect? Our research indicates that is probably not the explicit sharing of secrets or proprietary knowledge. Rather it seems to be that general lessons learned at one startup get passed onto the other venture. Additionally, whereas the original firm may have previously received all of the VC’s unique insights about the focal sector, that information is now split with another venture. The same goes with access to their network of industry contacts and advisors. We think the key takeaway is that both entrepreneurs and VCs need to be especially cautious around concurrent deals between ventures that compete with one another.

Continued on pg. 15»

Read more about Professor Hallen and peruse some of his work by visiting his faculty page: foster.uw.edu/faculty-research/directory/benjamin-hallen/

Q: How do you view the current state of the networks connecting VCs to entrepreneurs—is the current model healthy in your opinion?

One of the classic assumptions that many in VC have often held is that entrepreneurs worth funding should also be able to find their way to the VC via referrals. That is, they will either already know or will quickly begin meeting with relevant industry experts, serial entrepreneurs, lawyers, etc. While this was probably true historically in eras where credible founding teams often had substantial industry experience (think enterprise software), the cost of developing ideas into new products has fallen dramatically in a lot of industries. This has meant that we are now seeing some very promising ideas come from individuals more removed from the traditional VC ecosystem.

However, helping address this gap is the recent rise of accelerators in the increased interplay of VCs. In some ongoing research we find that accelerators really do positively increase a venture's likelihood of development. Part of the effect is from providing critical networks, but another key part is providing mentoring and guidance that help entrepreneurs get their venture to the point that it is fundable. We are also seeing these accelerators play a big role in helping entrepreneurs outside of traditional entrepreneurial hubs.

»WINTER FOR UNICORNS from pg. 13

We've sifted through a list of unicorns gathered from the PitchBook Platform and picked out a group that may need to keep an eye on their burn rates and balance sheets in the months ahead.

GENIUS

Genius

Last raise: $40 million at a $1 billion valuation in July 2014

Genius, provider of online annotation software currently used for analyzing song lyrics and texts, last raised a $40 million round in July 2014. Seemingly attempting to follow in the footsteps of tech giants Facebook, Twitter and Google, the company is focusing on scaling its user base before concentrating on revenue generation. That strategy may be good while there is plenty of funding available, but if funding were to dry up, the company may find it difficult to generate significant revenue quickly.

Bloomenergy

Bloom Energy

Last raise: $130 million of convertible debt in December 2014

Rumors of a potential Bloom Energy IPO have been circulating for over two years now, but nothing concrete has formed. Yet to turn a profit, and having raised roughly $1 billion in equity financing since its 2001 founding, the company reportedly raised $130 million in the form of convertible notes at the end of 2014. If markets were to take a turn for the worse and an IPO was not a good option, the company could find it hard to keep raising more funding. It's worth noting that Bloom has 28 existing investors, so it could approach firms with which it has pre-existing relationships for more funding if need be. The question is if existing investors would want to continue to fund this 14-year-old company, which operates in a sector that is tough to navigate. There has been some positive news recently.

Nextdoor

Nextdoor

Last raise: $110 million at a $1.1 billion valuation in March 2015

Nextdoor, a social network for families and their neighborhoods, admits that it is currently not generating revenue. This alone could be seen as cause for worry, but having last raised $110 million in March at a valuation of $1.1 billion, Nextdoor does have the cash and time to experiment with different ways of making money. With a user base that covers north of 53,000 neighborhoods, it's not hard to conceive that the company could start charging a monthly fee for a premium version of its site, or perhaps run targeted product advertising, although it's not definite that users would respond well to either strategy.

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The Emergence of the Private IPO

BY ALEX LYKKEN

The venture industry has been debating about the "private IPO" trend in recent quarters, as growth rounds have largely replaced traditional IPOs as the preferred financing route for mature startups. The two graphs below are similar to a recent analysis done by Andreessen Horowitz, and compare IPO activity with "private IPO" rounds of at least $40 million in size. Both charts show significant increases in $40M+ rounds since 2014, on both value and count bases. The trend continued through June 2015, with another $18.5 billion invested through growth rounds versus only $3.5 billion raised through public offerings. But total value is only part of the story. Counts are also up for $40M+ rounds, from 172 in 2013 to 294 last year, a 71% jump. Another 187 $40M+ rounds were done in the first half of 2015, and there's little reason to expect a slowdown this year in count.

What's interesting, though, is that while growth rounds have largely replaced IPOs, IPO activity isn't as weak as many suspect. Last year saw 119 VC-backed companies go public, easily the most since 2000 and a 38% increase over 2013. A good portion of last year's IPOs were for biotech and pharma companies, which haven't been privy to the same excitement from late stage investors like tech startups have been. It should be pointed out, then, that the "private IPO" phenomenon has been centered in tech-related companies like Uber, Snapchat and Airbnb, which have far different financing needs than smaller drug and biotech companies.

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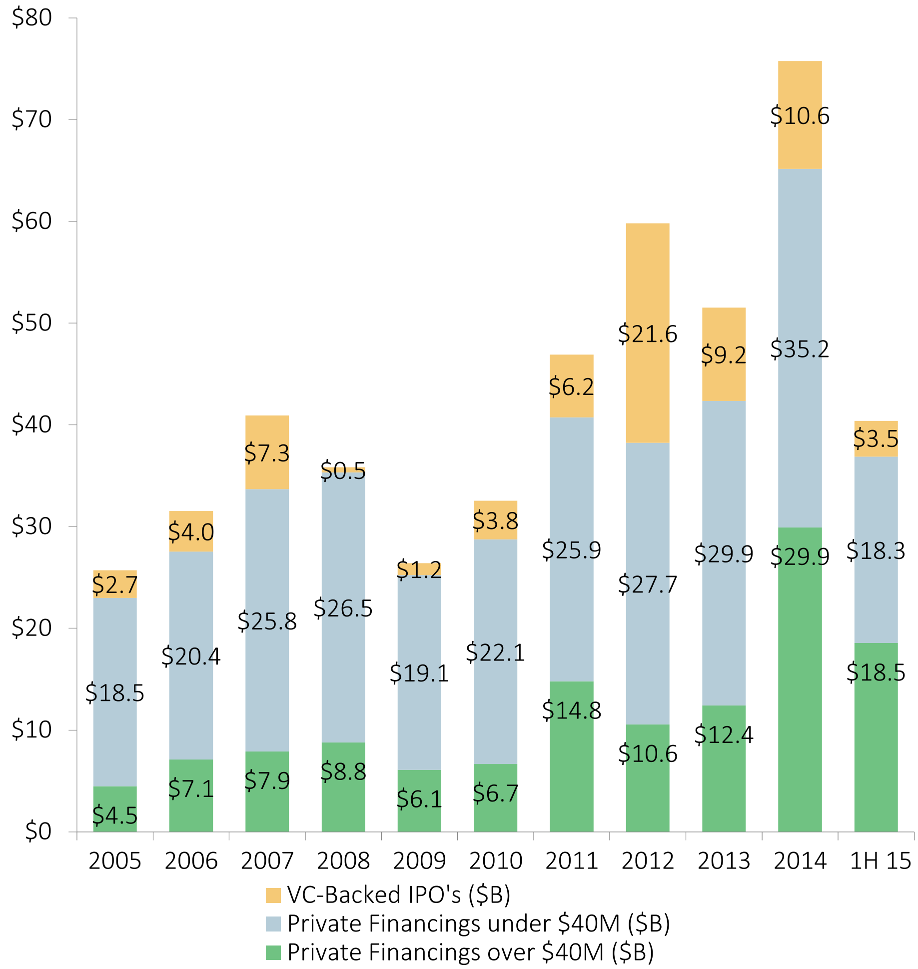
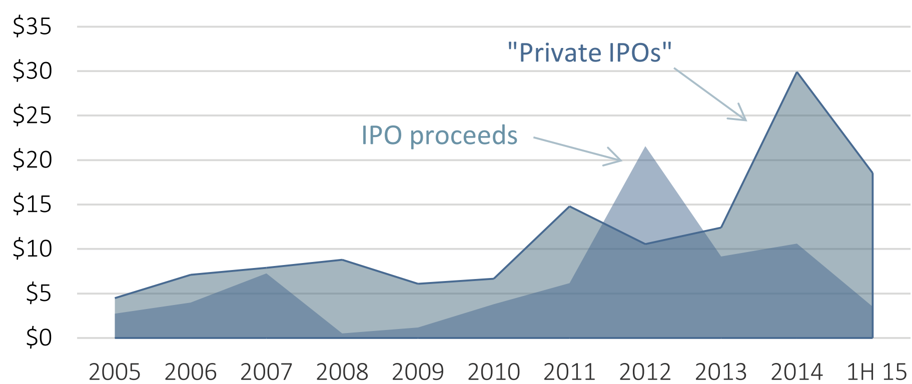
PRIVATE VS. PUBLIC FINANCINGS ($) BY YEAR



PRIVATE VS. PUBLIC FINANCINGS ($B) BY YEAR



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