

The 2018 Global CVC Report

A comprehensive, data-driven look at global corporate venture capital activity in 2018.

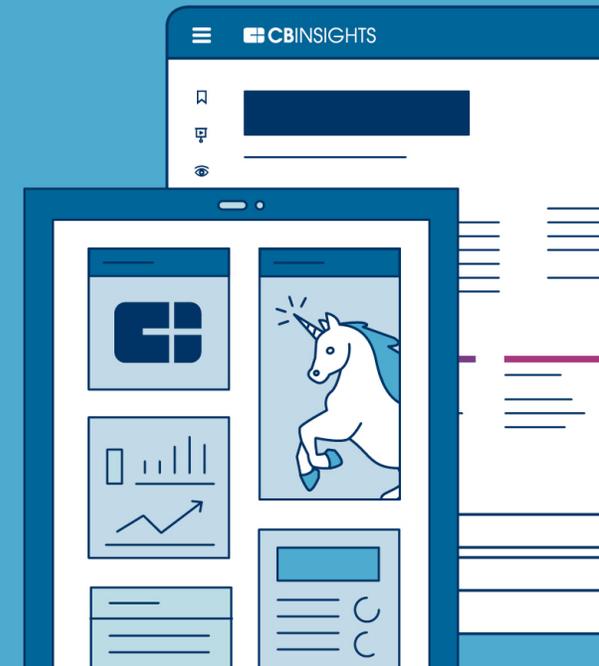




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Summary of findings

Global CVC deal and dollar activity reached historic highs in 2018:

Funding increased significantly in 2018, increasing approximately 47% over 2017. Deals increased 32% over the same period. Q2'18 saw a record 757 CVC deals and \$14.1B in funding.

35% increase in new CVC investors year over year: 264 new, unique CVCs invested for the first time in 2018, up 35% from 2017.

GV was most active overall, CapitalG invested in the most unicorns:

Google Ventures was the most active CVC in 2018, while CapitalG (Google Capital) invested in the most unicorns.

Internet, mobile, and healthcare saw funding and deal growth:

Internet deals backed by CVCs were up 36%, while funding was up 80%. Mobile deals increased by 18% in 2018, while funding was up 26%. Finally, healthcare deals increased by 23% and funding was up by 51%.

China, Japan, India, and the UK deal activity reached new highs:

China deals backed by CVCs were up 54%, while funding was up 51%. Japan deals increased by 101% in 2018, while funding was up 56%. Deals in India increased by 20% and funding reached a high of \$1.8B.

Activity in Europe and the UK was also up: CVC deals to European companies were up 17%, while funding was up 74%. In the UK, activity was up 39% and funding was up 92% year-over-year.

CVC deals and funding to US companies rebounds: Activity to US companies jumped 11% to 1,046 deals, while funding increased by 28% to \$26.5B – both record high totals.

California, New York, and Massachusetts reach new highs: In California, CVC-backed deals and funding increased by 11%. In New York, funding rebounded to a high of \$3.2B, while deals remained stagnant. CVC-backed funding to Massachusetts-based startups exploded 76% to \$4.1B.

CVC activity in AI and cybersecurity grows: In 2018, CVC deal activity to AI, cybersecurity, and digital health reached all-time highs. While CVC-backed funding to the AI and cybersecurity industries also reached record highs, digital health funding hit a 3-year low.

GV is an active investor in AI, cybersecurity, and digital health: In each of these emerging industries, Google Ventures is one of the most active investors. Intel Capital was also one of the most active investors in AI and cybersecurity.

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GLOBAL CORPORATE VENTURE CAPITAL IN 2018

High flying growth in corporate venture capital



GLOBALLY, CORPORATE VENTURE CAPITAL GROUPS PARTICIPATED IN

\$52.95B

OF FUNDING ACROSS

2,740 deals

IN 2018

CVC activity surges globally

CVCs around the world participated in 2,740 global deals worth \$53B in funding throughout 2018.

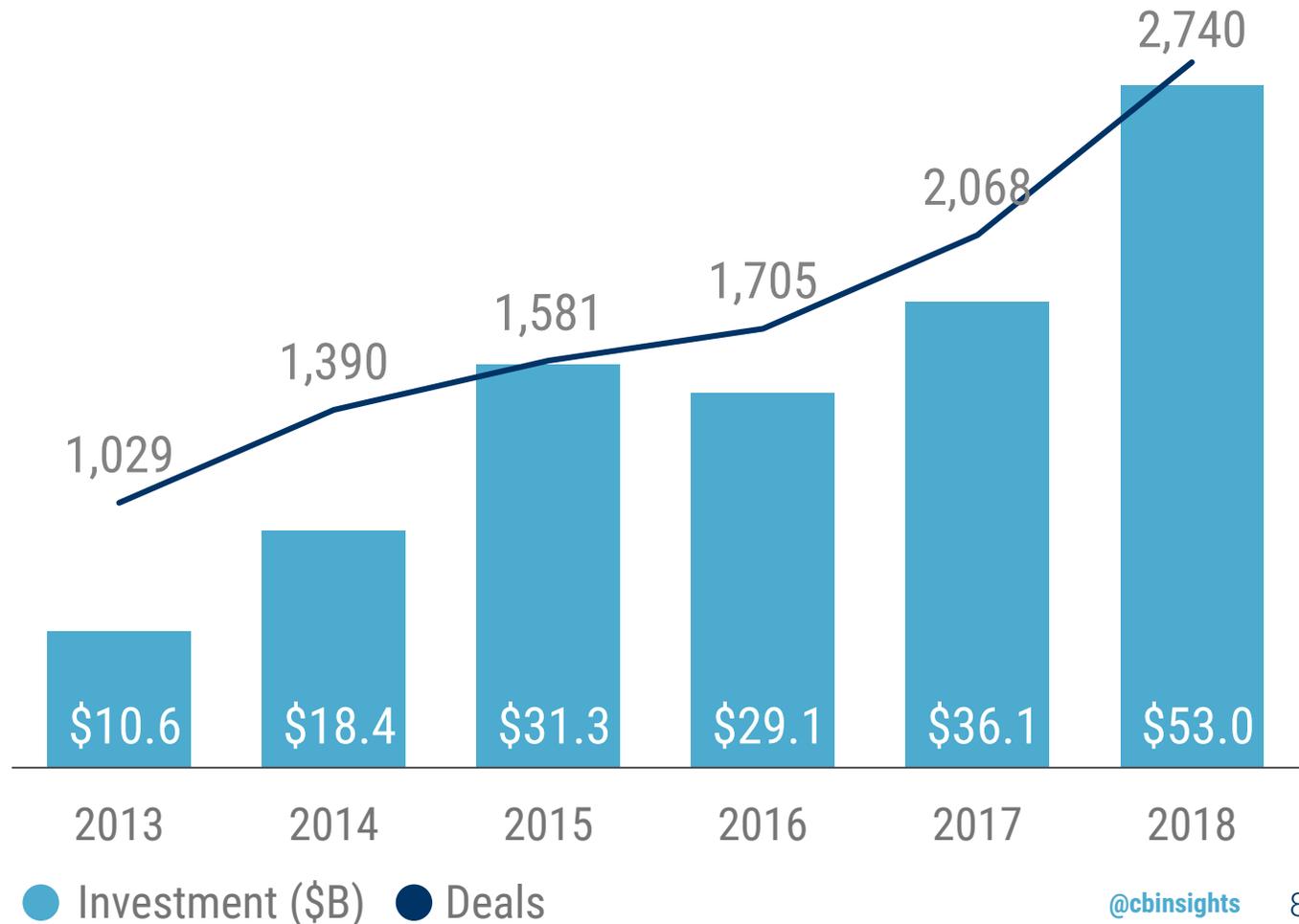
2018 CVC investment activity increased 32% over 2017 in terms of deals completed, and 47% in total capital invested.

The largest CVC-backed deal was a \$2B round to trucking logistics company Manbang Group backed by capitalG.



Global CVC activity accelerates to all-time highs

Annual global disclosed CVC deals and funding, 2013 – 2018



Q2'18 deal and dollar high

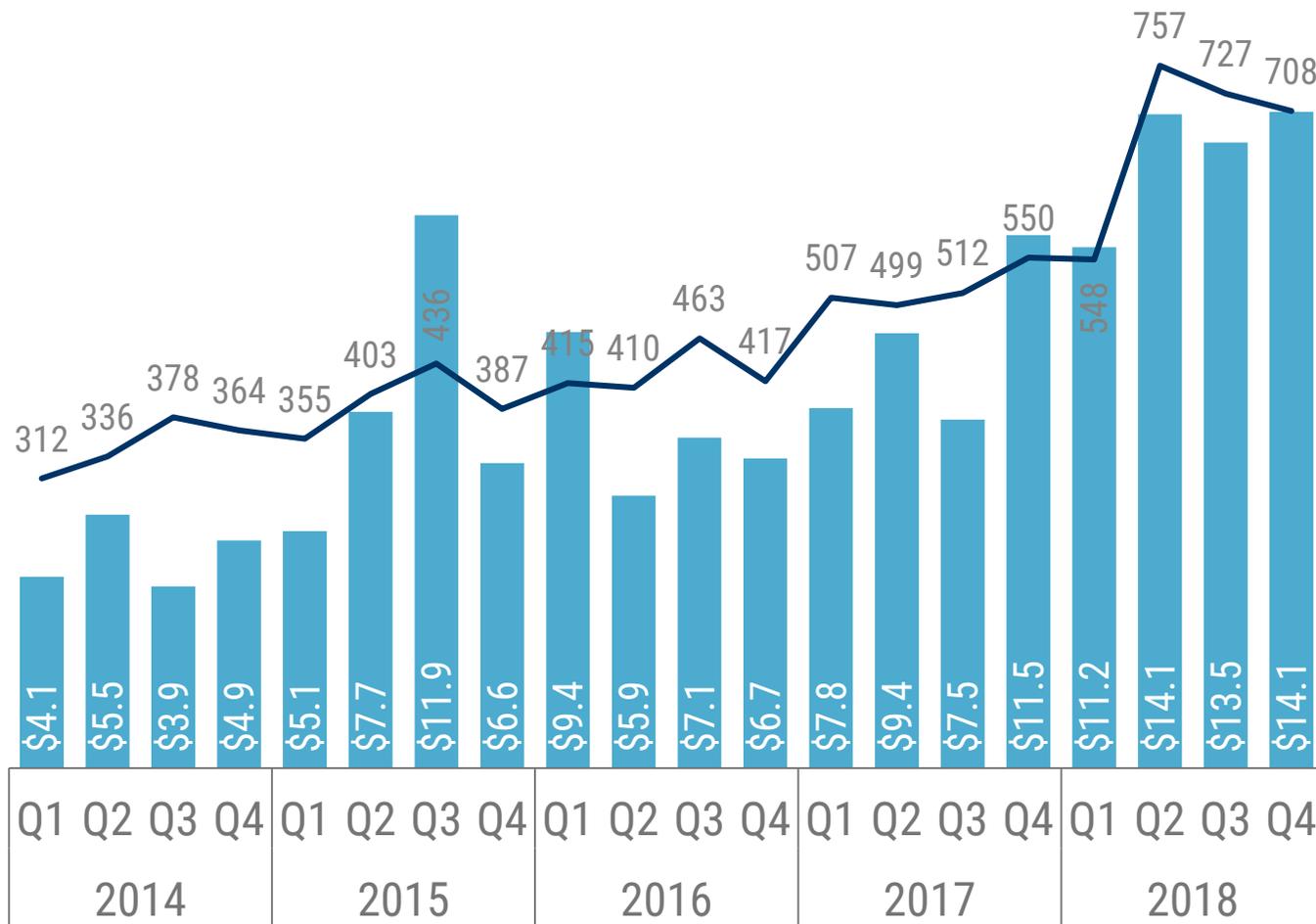
In the second quarter of 2018, deal activity jumped 38% over Q1'18 from 548 deals to 757 deals.

Q4'18 funding activity matched the previous record high of \$14.1B in Q2'18, increasing 5% over Q3'18.

The largest CVC-backed deal in Q4'18 was a \$900M Series H to Grab backed by Yamaha Motor Ventures.

2018 witnessed new quarterly deal and funding highs

Quarterly global disclosed CVC deals and funding, Q1 2014 – Q4 2018



● Investment (\$B) ● Deals



CVCs participate more in overall VC ecosystem

CVC investors participated in 23% of all VC-backed deals throughout 2018, which increased by 3 percentage points over 2017.

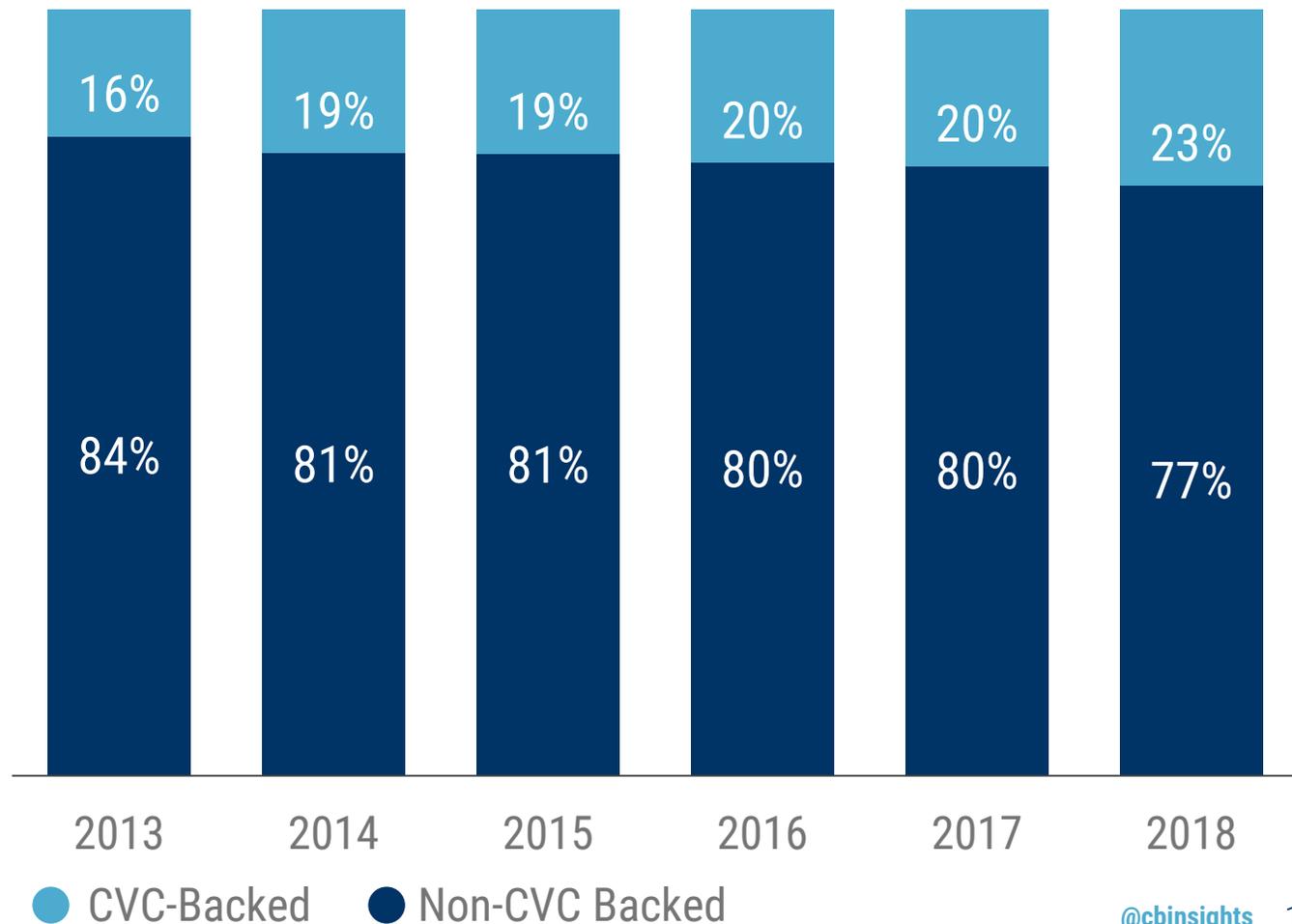
This continues a trend of growth for CVC deal share as a percentage of overall VC deal activity.

This share has grown by 7 percentage points since 2013.



CVC contribution to the overall VC ecosystem grows

CVC participation in VC-backed deals, 2013 – 2018



Average CVC deal sizes reach all-time high in 2018

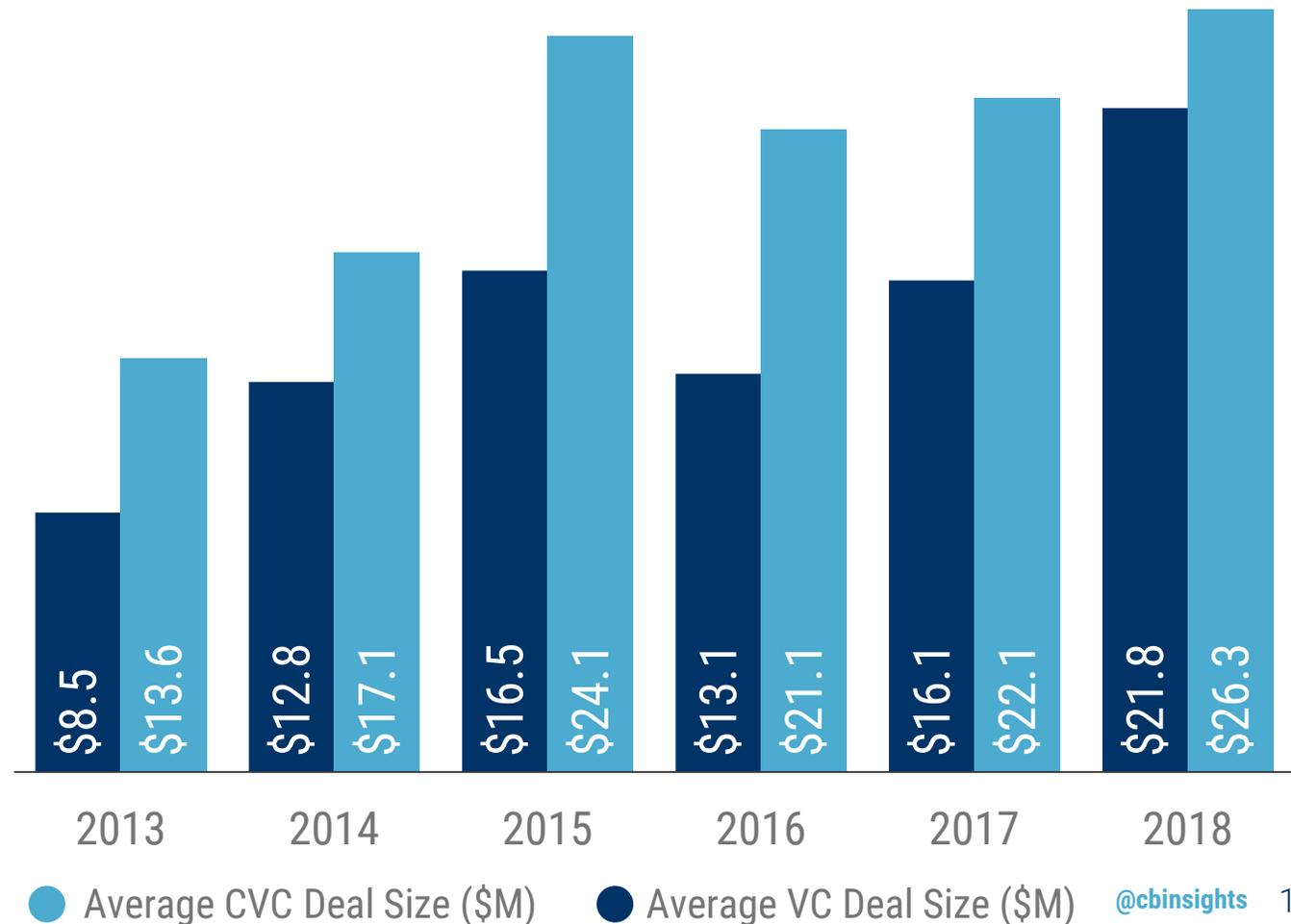
In 2018, the average CVC deal size reached an all time high of \$26.3M, exceeding the former peak of \$24.1M in 2015.

Similarly, the average VC deal size (that didn't include CVC participation) reached an all-time high of \$21.8M, growing 35% over 2017.



Average CVC deals continue to outsize average VC deals

Average CVC and traditional VC deal sizes, 2013 – 2018



Starting a CVC firm is now in vogue

264 newly active CVC firms invested for the first time in 2018. There were 35% more new CVC firms in 2018 compared to 2017.

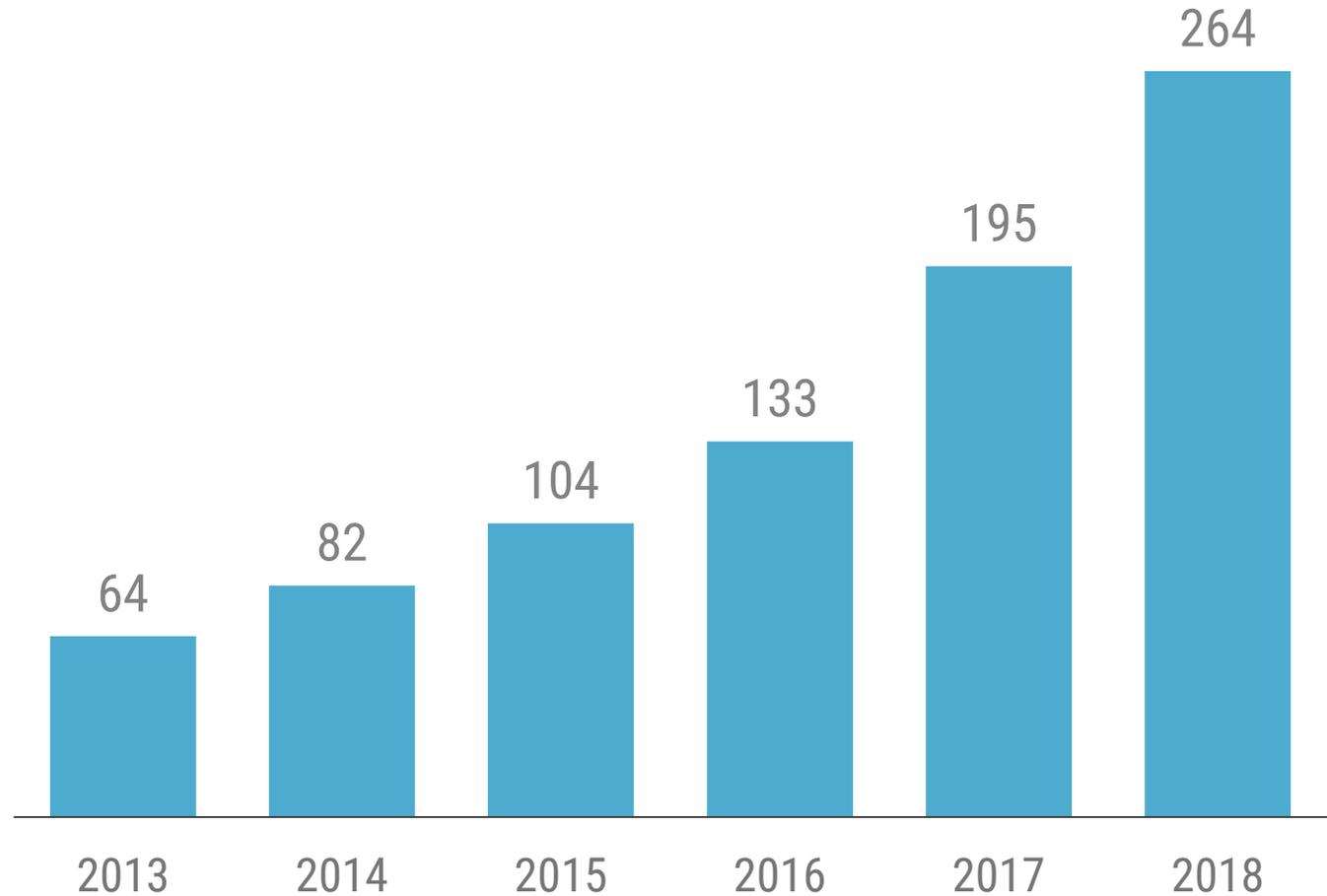
New CVCs include Coinbase Ventures, Maersk Growth, and Porsche Ventures, among others.

In total, approximately 773 CVCs were active in 2018.



Swarm of new CVC groups are investing for the first time

New CVC firms investing for the first time, 2013 – 2018



Early-stage companies attract CVC investors

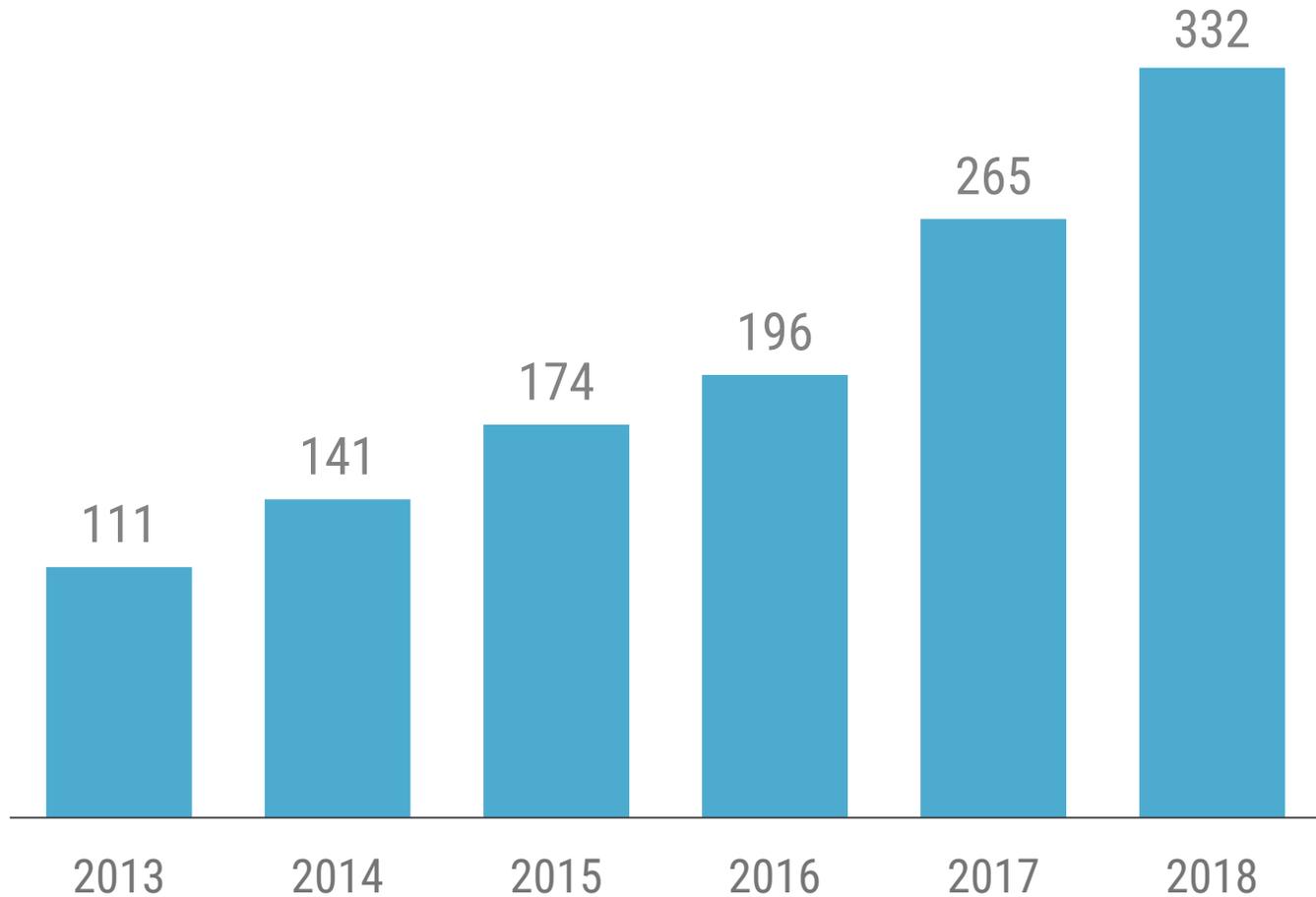
In 2018, 332 unique CVC groups participated in at least one seed financing round. This represents a 25% increase over 2017.

Series A participation also grew by 31%, from 320 CVC investors in 2017 to 419 CVC investors in 2018.



More CVCs are investing at the seed stage

Total CVC firms participating in seed rounds, 2013 – 2018



Corporates are more involved than CVCs

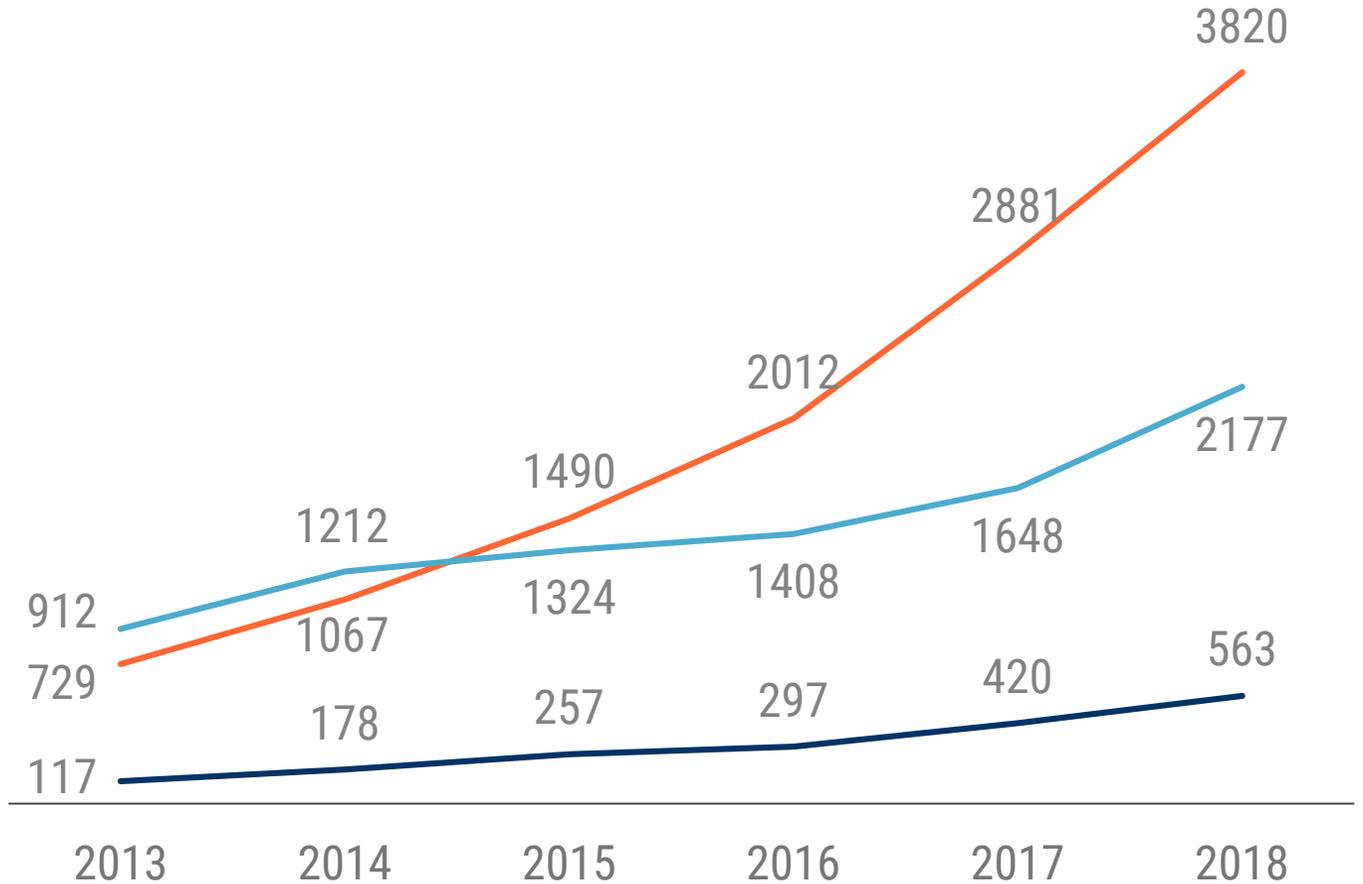
Investment from corporates (directly off the balance sheet) reached an all-time high of 3,820 deals in 2018, 33% higher than the 2,881 deals in 2017.

Deals with both corporate and CVC participation also reached an all-time high of 563 deals, 34% higher than the 420 deals in 2017.



Corporate investing off the balance sheet sky rockets

Annual global disclosed CVC and corporate-backed deals, 2013 – 2018



Google Ventures was the most active in 2018

Rank	CVC Investor	Select 2018 Investments
1		Alector, Brandless, Collective Health, GitLab, Intercom, Lime, Relay Therapeutics, Tamr, Yesware
2		Docker, Measurabl, Quovo, SessionM
3		CloudGenix, DataRobot, Good Data, Syntiant,
4		Pear Video, Yunding Network Technology, Xgimi
5		Bellen Chemistry, Phoenix Travel Worldwide, Zuoyebang
6		FiNC, Origami, solarisBank, Tamr, WHILL
7	 ALEXANDRIA	Benson Hill Biosystems, Kallyope, Relay Therapeutics, Skyhawk Therapeutics
8	kakaovertures	Lunit, TimeTree, WONDERS
9	 Mitsubishi UFJ Capital	CureApp, Plaid, WealthNavi
10		CassTime, UniCareer, XPeng Motors,

GV (Google Ventures) was once again the most active CVC, investing in over 70 unique companies in 2018.

Salesforce Ventures was the second most active CVC in 2018 (moved up from 3rd in 2017), followed closely by Intel Capital (2nd in 2017).

Baidu.Ventures and Legend Capital rounded out the top 5.

CapitalG invested in more unicorns in 2018

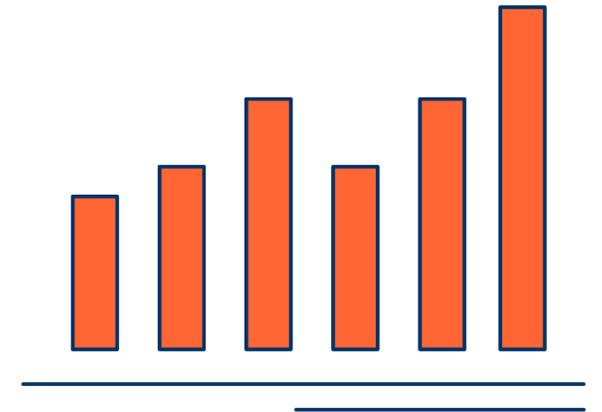
Rank	CVC Investor	Select 2018 Investments
1		Convoy, CrowdStrike, Freshworks, Gusto, Looker, Manbang, Oscar, Robinhood, UiPath
2		GitLab, Lime, Intercom
3		Graphcore, Jfrog
3		Luckin Coffee, Jolly Information Technology
3		Deezer, Monzo
3		SenseTime, Viva Republica

CapitalG (Google Capital) was the most active investor in unicorn companies (companies valued at \$1B+) in 2018, backing 9 companies.

GV followed with 3, while Dell Technologies Capital, Legend Capital, Orange Digital Ventures, and Qualcomm Ventures rounded out the top 5, each making 2 unicorn investments in 2018.

GLOBAL CORPORATE VENTURE CAPITAL IN 2018

Sector-specific trends: growth in internet, mobile, and healthcare



CVCs invest heavily in internet startups

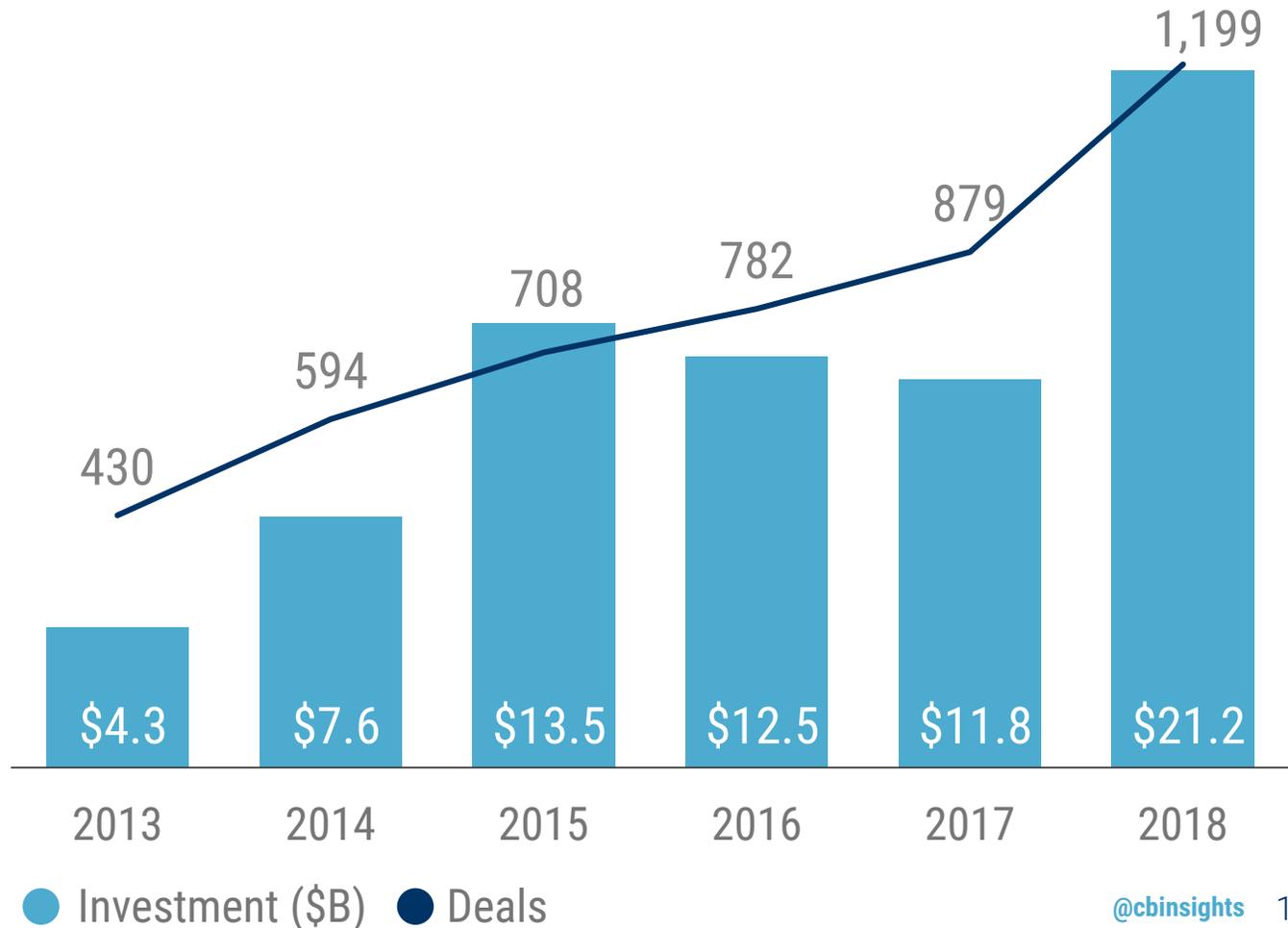
CVC deals to companies in the internet sector grew by 36%, from 879 deals to 1,199 deals, year-over-year.

Funding also grew by 80% from \$11.8B in 2017 to \$21.2B in 2018. This jump can be attributed to an increase in larger deals, including a \$1B deal to virtual hospitality company Oyo Rooms.



Record CVC activity to the internet sector

Annual global disclosed CVC activity to the internet sector, 2013 – 2018



Mobile continues to attract CVCs

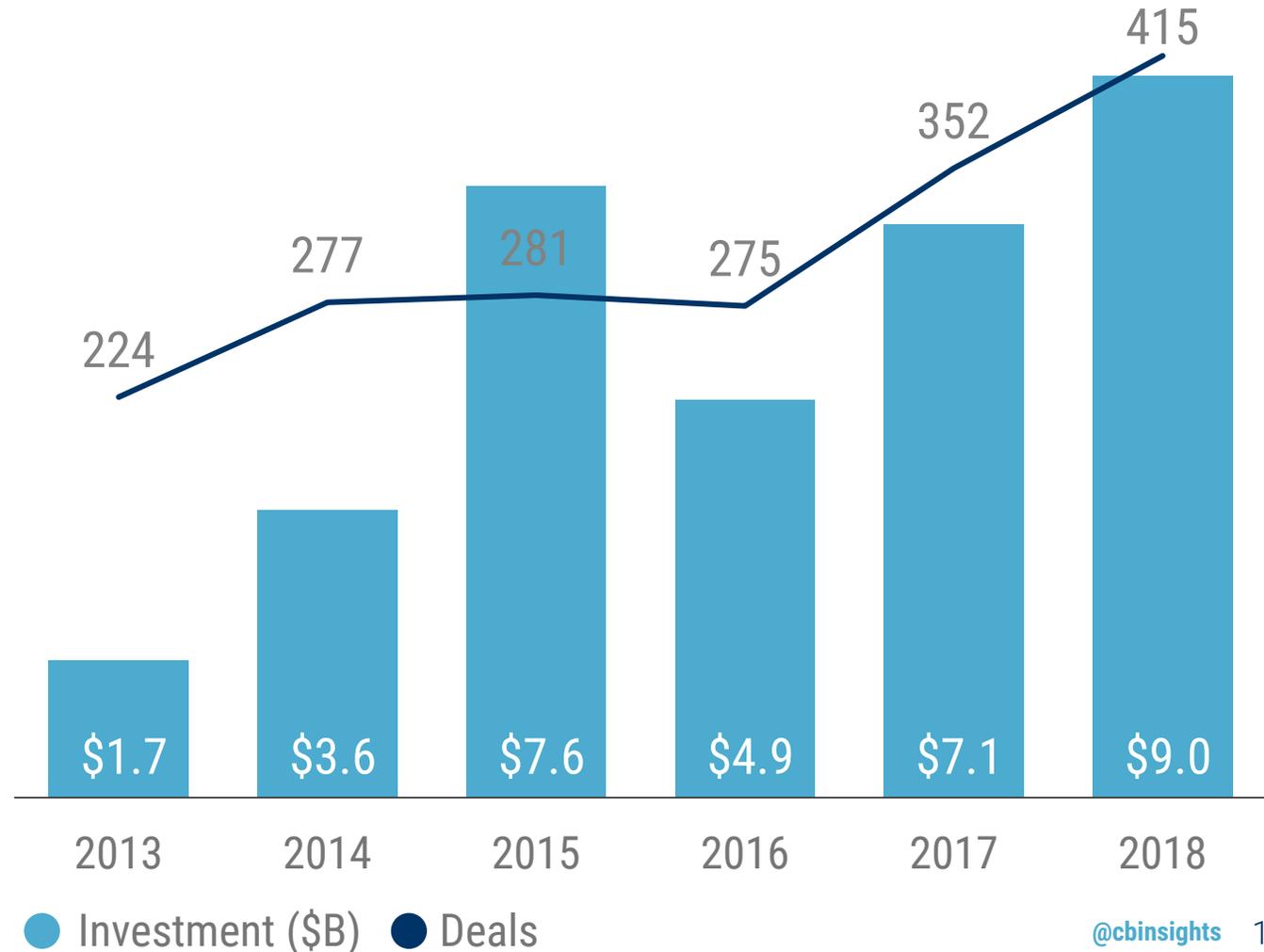
CVC investment to mobile companies increased from 352 deals in 2017 to 415 deals in 2018, or 18%.

Funding participation also exceeded the previous high of \$7.6B in 2015, reaching \$9B in 2018. This was a 26% increase over 2017.

The increase in funding was driven by large rounds raised by GO-JEK and Grab.

CVC funding to mobile reaches deal and funding highs

Annual global disclosed CVC activity to the mobile sector, 2013 – 2018



CVCs pour money into healthcare

Deals with CVC-participation to healthcare companies increased by 23% YoY to 298 in 2018.

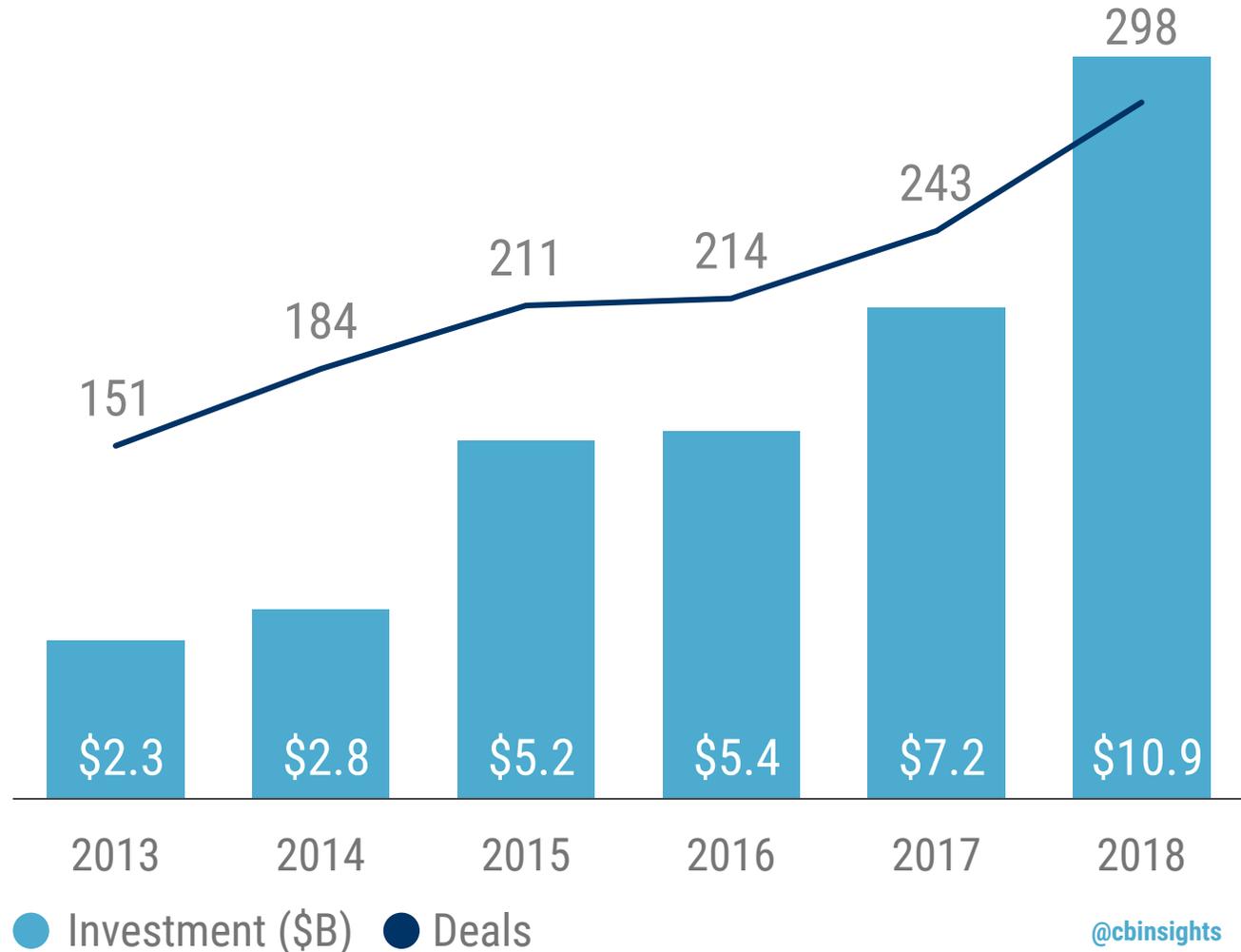
Funding also increased, growing 51% from \$7.2B in 2017 to \$10.9B in 2018.

This increase in funding was primarily driven by large rounds to Moderna Therapeutics, Samumed, and Relay Therapeutics.



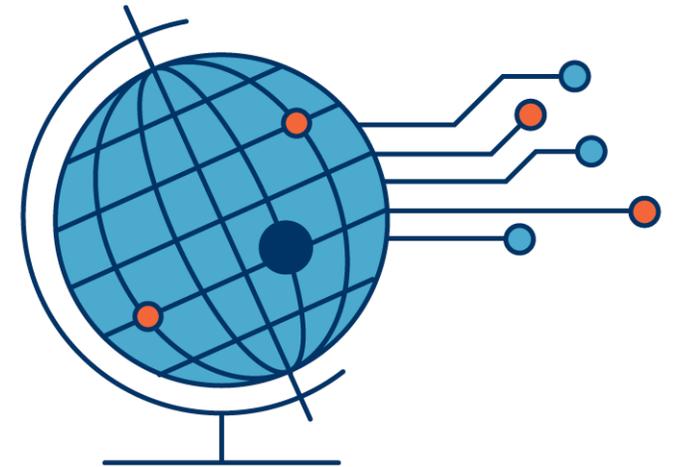
Healthcare might be the next big opportunity for CVCs

Annual global disclosed CVC activity to the healthcare sector, 2013 – 2018



REGIONAL CORPORATE VENTURE CAPITAL IN 2018

Asia becomes a CVC powerhouse



CVC deals to Asia may overtake North America

Asia attracted 38% of all CVC deals in 2018, up from 31% in 2017.

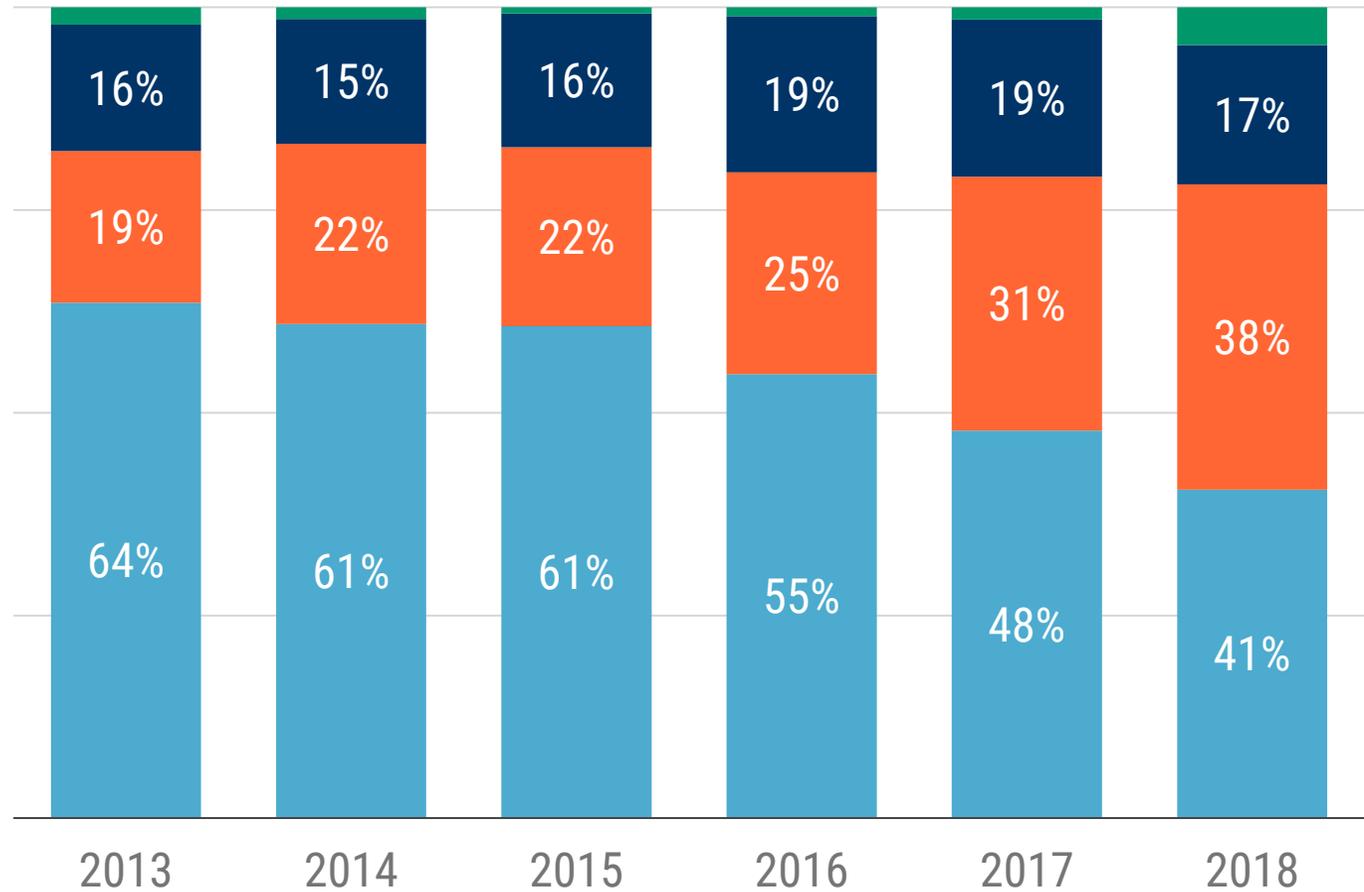
European deal share fell to a 3-year low of 17% in 2018, while North American deal share also receded to an all-time low of 41%.

In Q3'18, Asia overtook North American deal share for the first time.



Asia continues to close gap on North American deal share

Annual global CVC deal share by continent, 2013 – 2018



● North America ● Asia ● Europe ● Other



Chinese startups attract more CVC interest than ever before

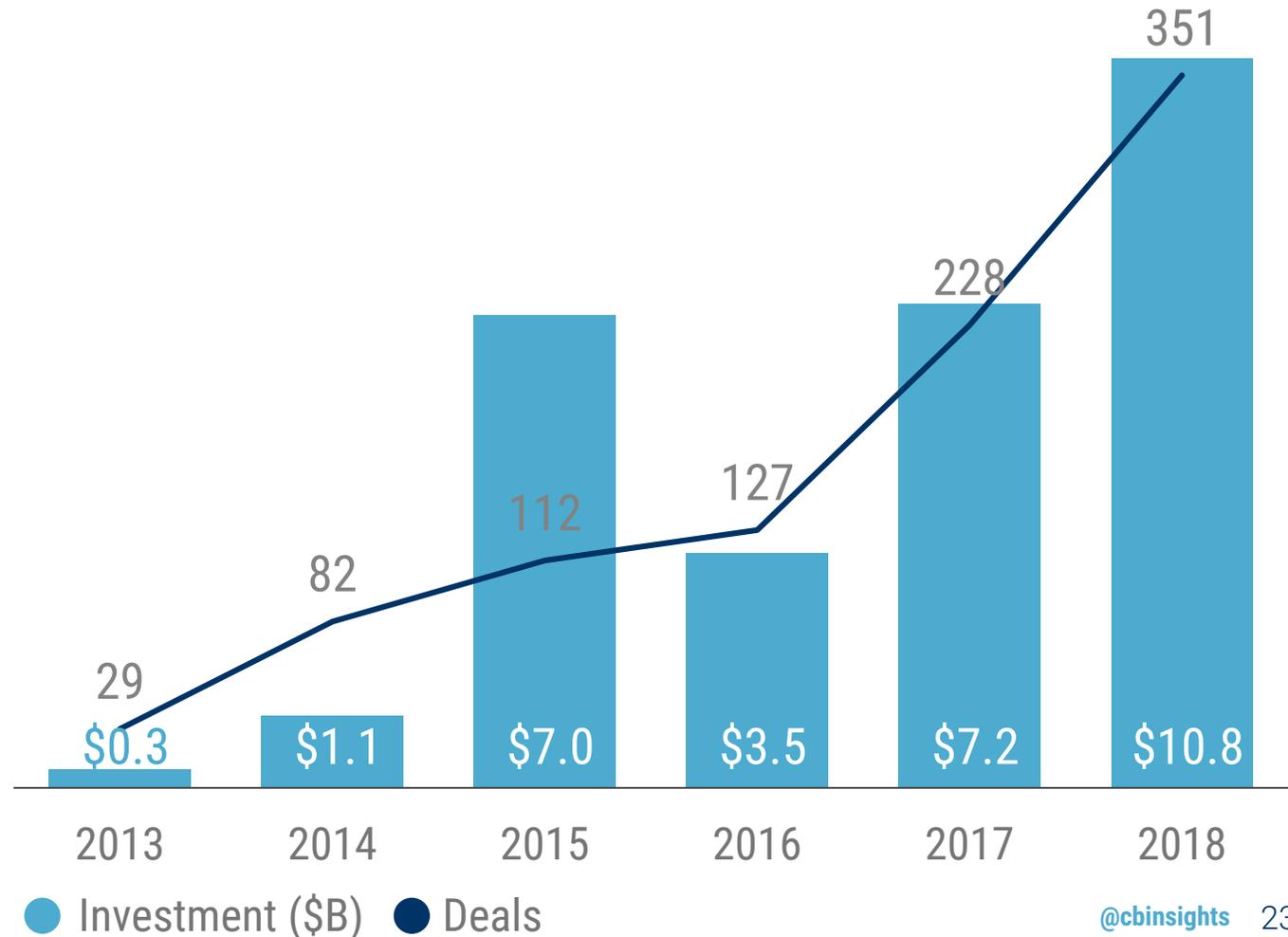
CVC deals to Chinese companies grew 54% between 2017 and 2018, growing from 228 to 351.

Funding also grew 51% in 2018, from \$7.2B to \$10.8B.

In 2015, approximately \$3B in funding can be attributed to two rounds raised by Didi Chuxing.

CVC activity to China reaches new deal and funding high

Annual disclosed CVC funding to China, 2013 – 2018



Japan may soon match China's annual CVC deals

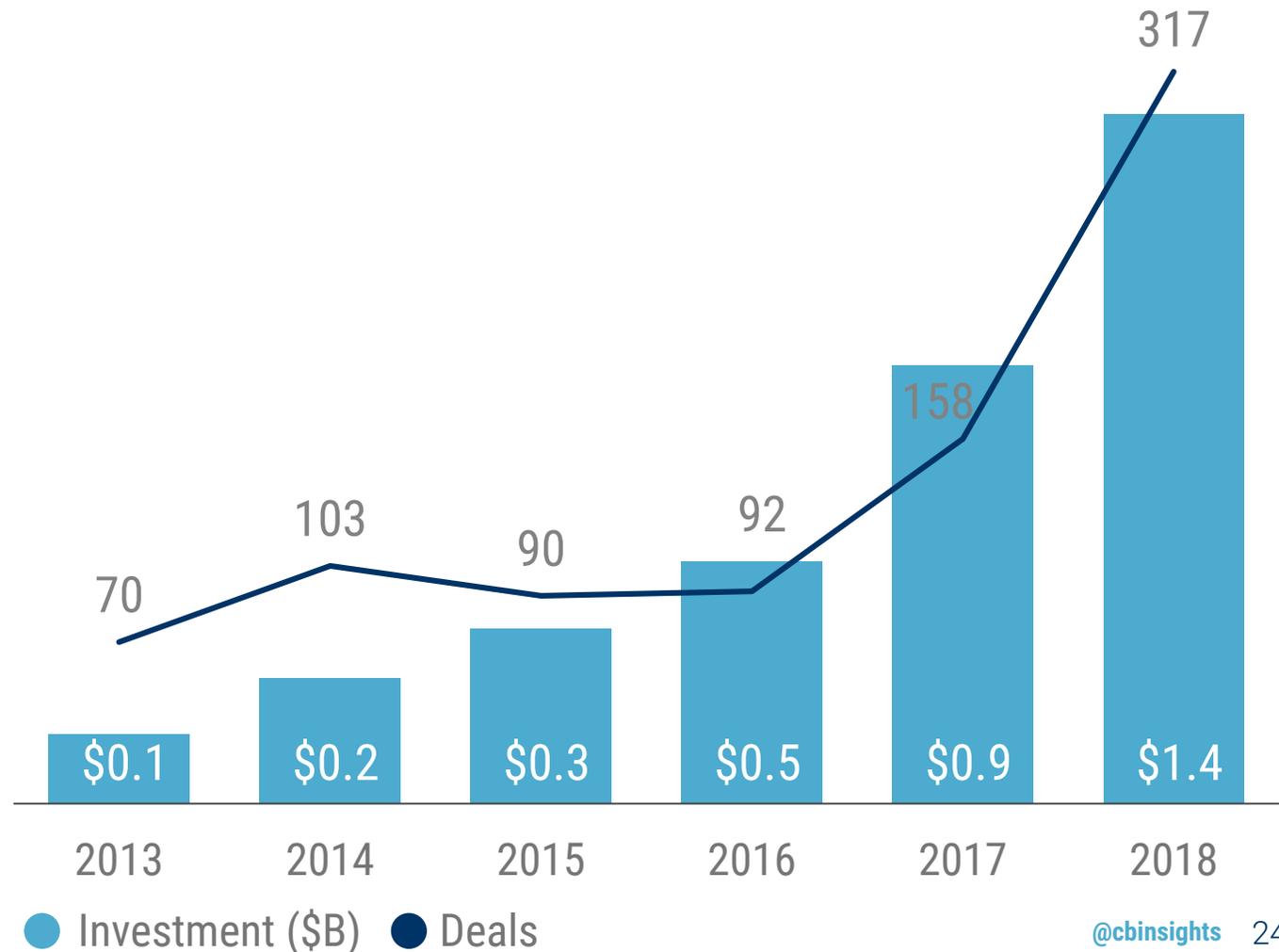
Deals to Japanese companies more than doubled between 2017 and 2018. Deals increased 101% from 158 to 317 year-over-year.

Funding also grew significantly, up 56% YoY from \$0.9B to \$1.4B. The largest deal in 2018 was a \$63M Series A to wealth management platform Folio.



Japan continues to attract CVC activity

Annual disclosed CVC funding to Japan, 2013 – 2018



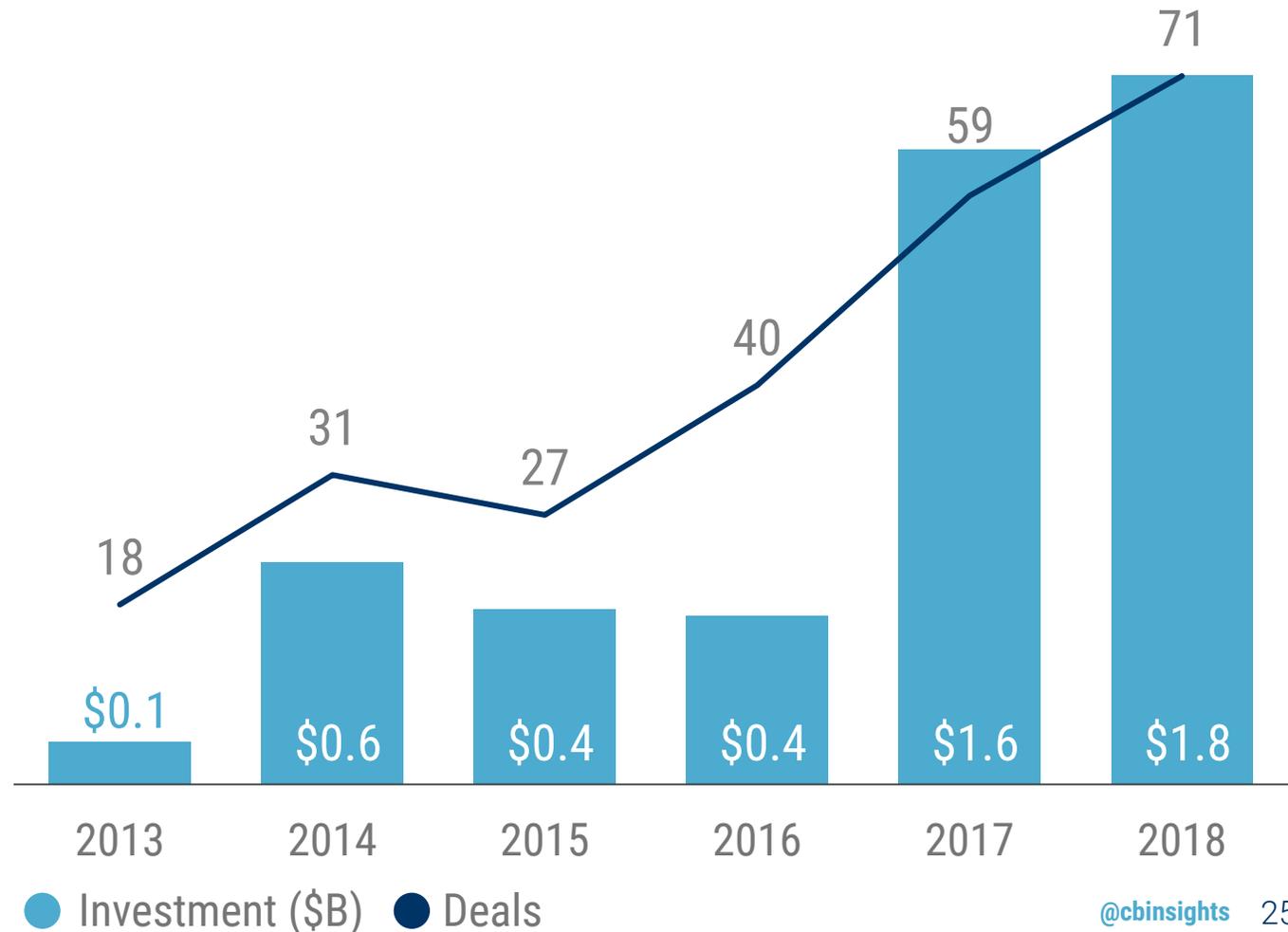
CVCs continue to see promise in Indian startups

Indian deals with CVC participation increased 20%, from 59 deals in 2017 to 71 deals in 2018.

Funding also grew slightly from \$1.6B in 2017 to \$1.8B in 2018. The largest deal in 2018 was a \$1B Series E to Oyo Rooms. The company has raised a total of \$1.5B+ since 2012.

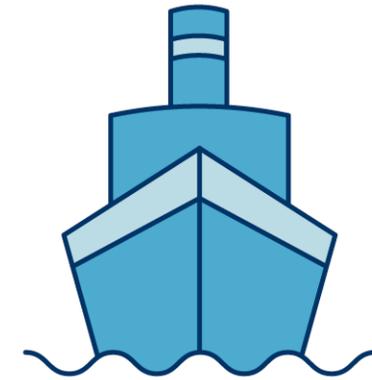
India continues to steadily attract CVC investment

Annual disclosed CVC funding to India, 2013 – 2018



REGIONAL CORPORATE VENTURE CAPITAL IN 2018

Funding rebounds in Europe and the UK



Europe continues to attract CVC investment

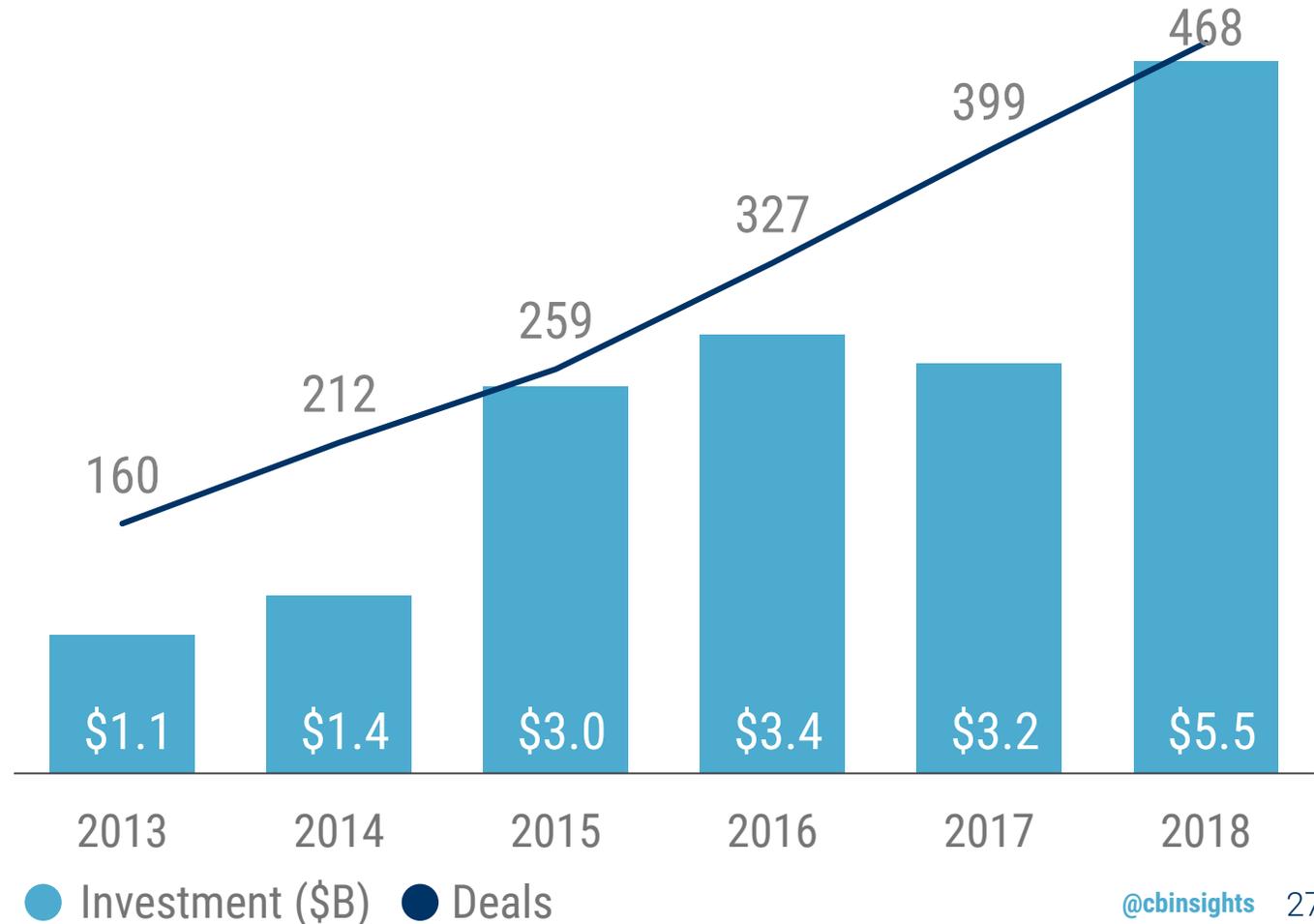
CVC deals to European companies increased by 17% in 2018 over 2017, from 399 to 468.

Funding also increased, growing 74% from \$3.2B in 2017 to \$5.5B in 2018.

This increase in funding was primarily driven by large rounds to companies like Graphcore, N26, and Monzo.

Europe witnesses CVC funding rebound and deal highs

Annual disclosed CVC funding to Europe, 2013 – 2018



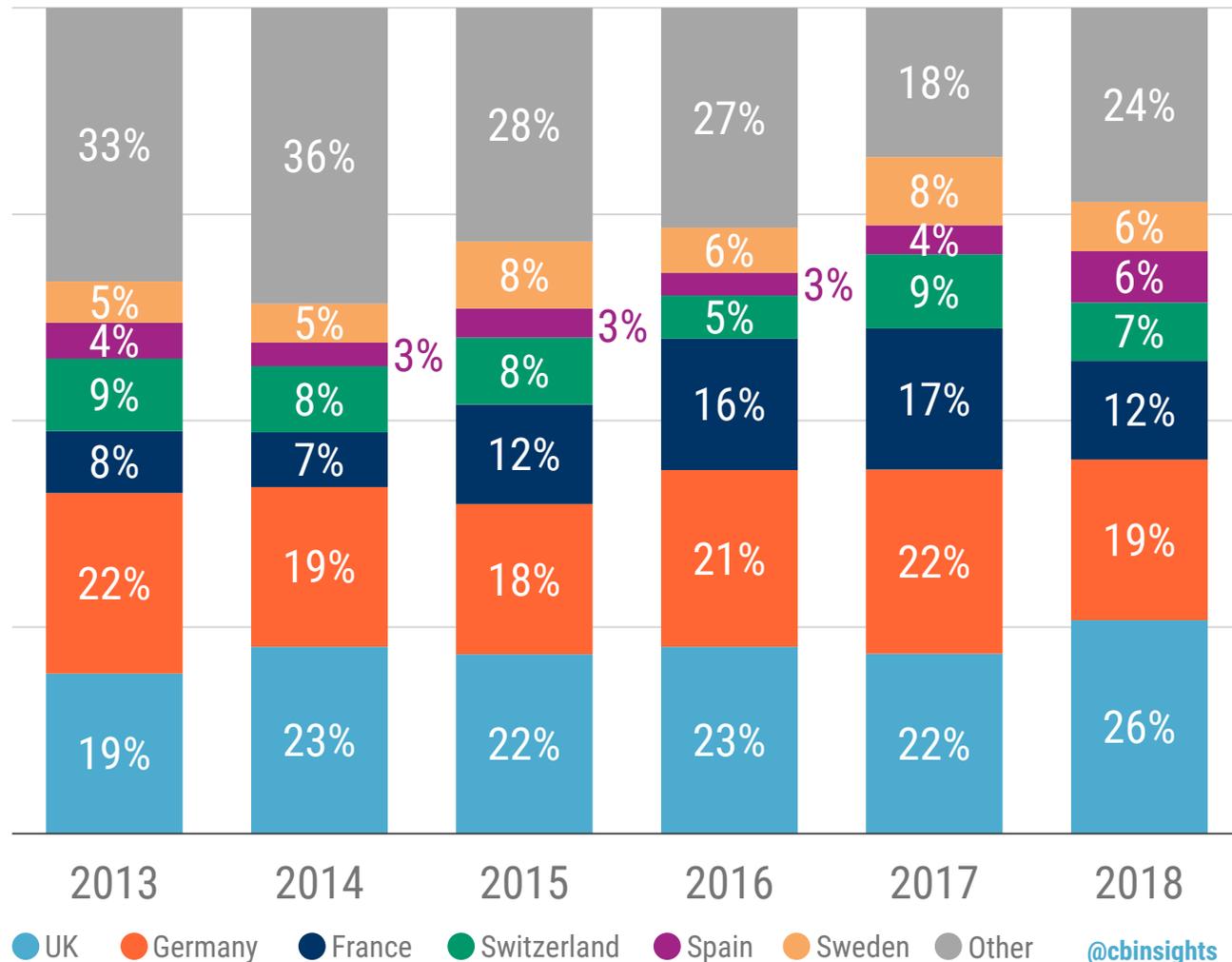
UK bolsters European CVC

Approximately 26% of CVC money funneled into Europe in 2018 was issued to companies based in the UK. This represented an all-time high for the country – 26% of European deal share.

Germany and France also received a significant amount of the CVC investment to Europe in 2018 at 19% and 12%, respectively.

UK, Germany, and France attract most CVC in Europe

Annual CVC European deal share by country, 2013 – 2018



Trends

UK CVC activity continues to grow

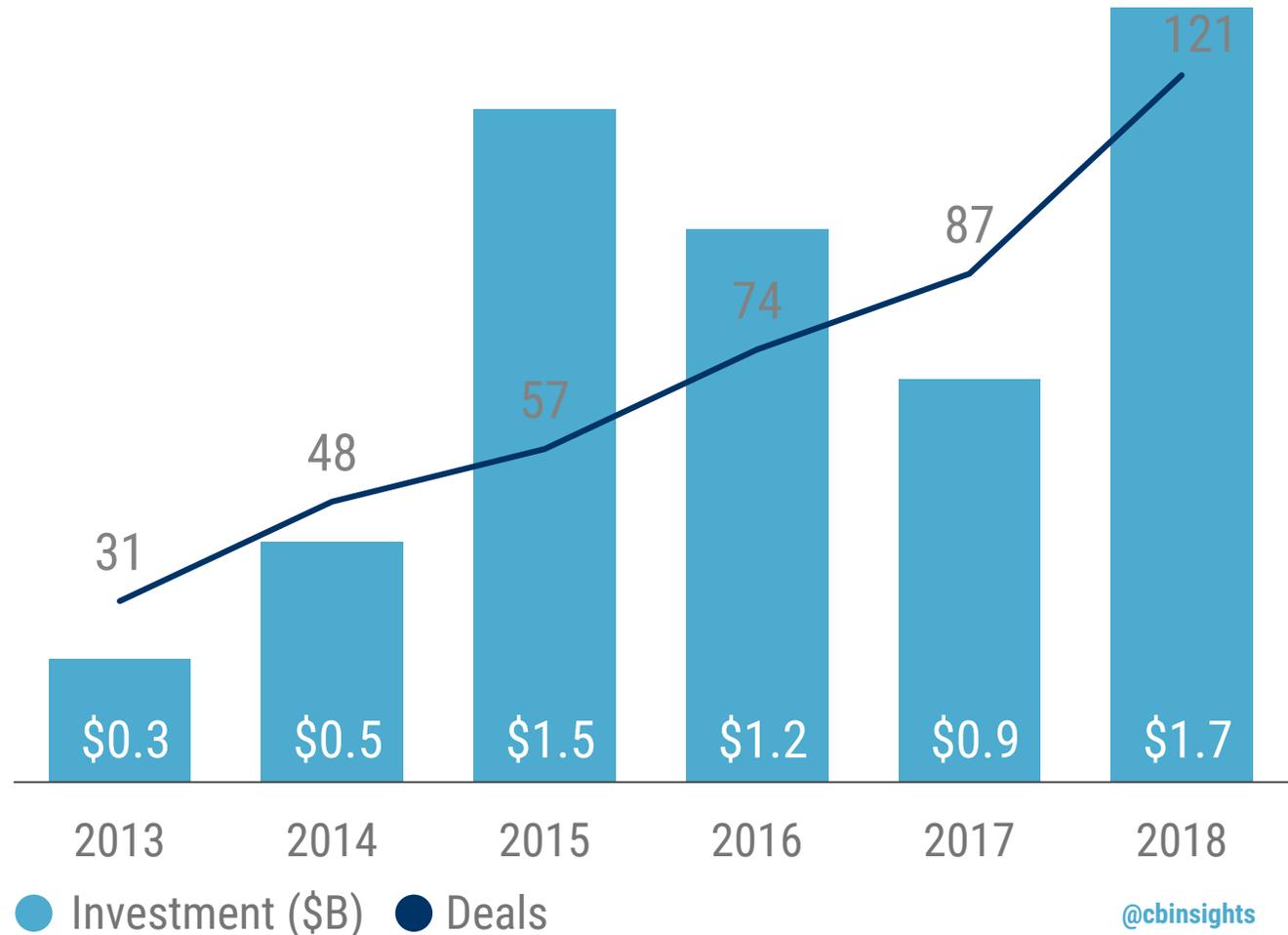
CVC activity to UK-based startups grew by 39%, from 87 deals in 2017 to 121 deals in 2018.

Funding also grew drastically, up 92% year-over-year. The \$1.7B in 2018 funding comes a year after a 3-year low of only \$900M in 2017.

The largest deal in 2018 was a \$200M Series D to AI chipmaker Graphcore.

UK CVC funding rebounds, nearly doubling year-over-year

Annual disclosed CVC funding to the UK, 2013 – 2018



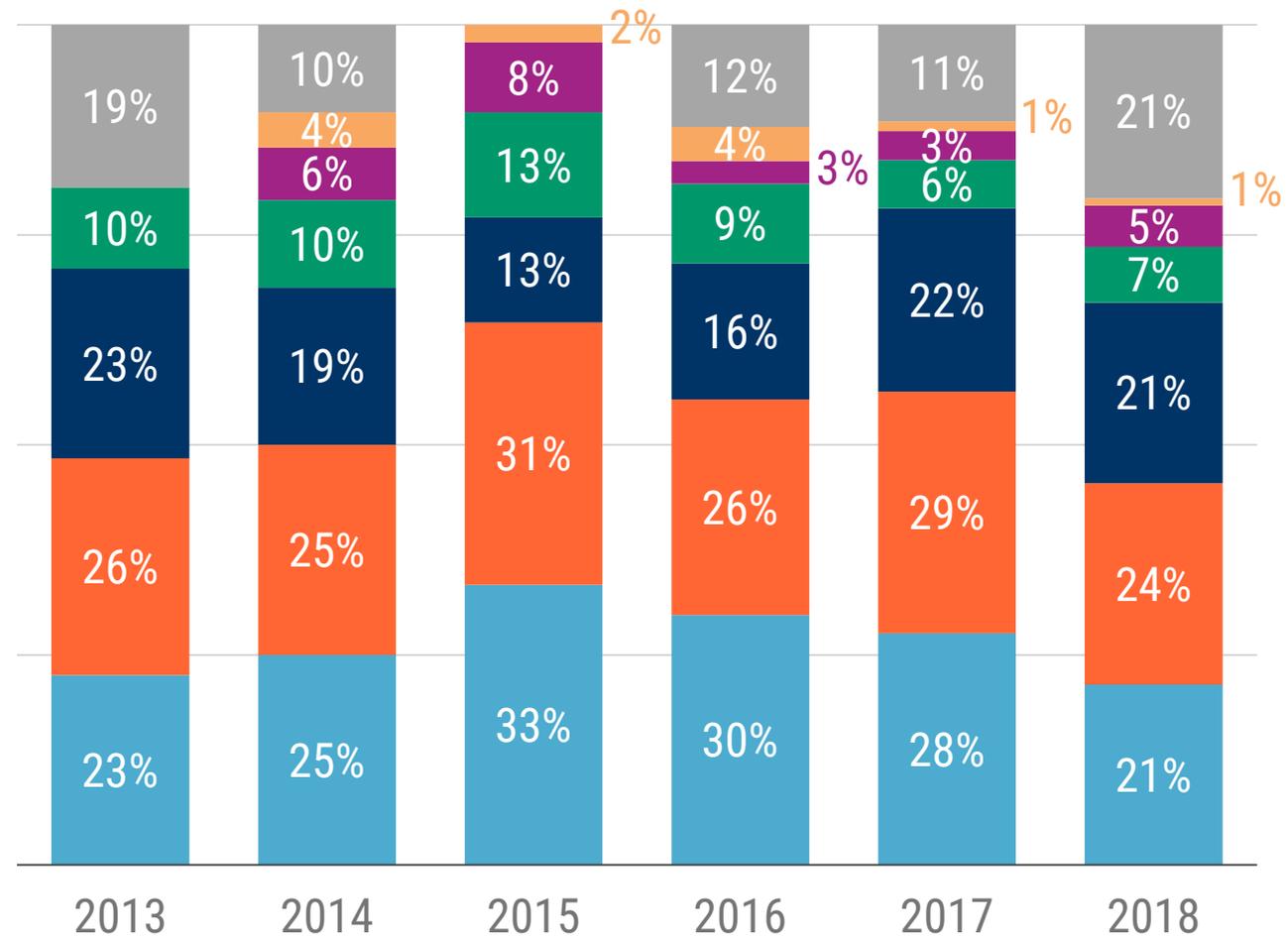
CVCs provide an early-stage foundation in UK

Though early-stage CVC investing (seed + Series A) to UK companies in 2018 was lower than 2017, it still made up 45% of total deal share throughout the UK.

There was also a jump in other deals (unattributed rounds, corporate minority stakes, etc.), which may be a result of newly established CVCs investing for the first time.

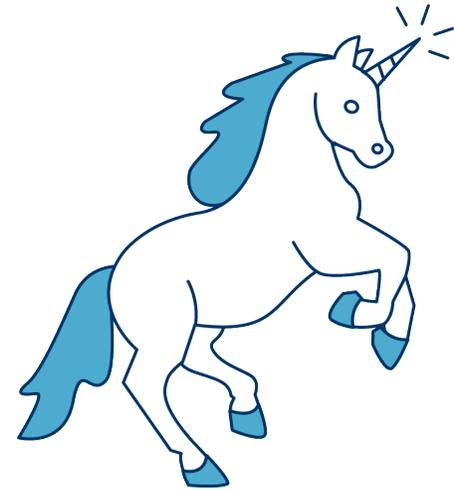
Early-stage CVC investment to UK startups remains strong

Annual CVC UK deal share by stage, 2013 – 2018



REGIONAL CORPORATE VENTURE CAPITAL IN 2018

US CVC activity showing signs of acceleration



US continues to see more CVC activity

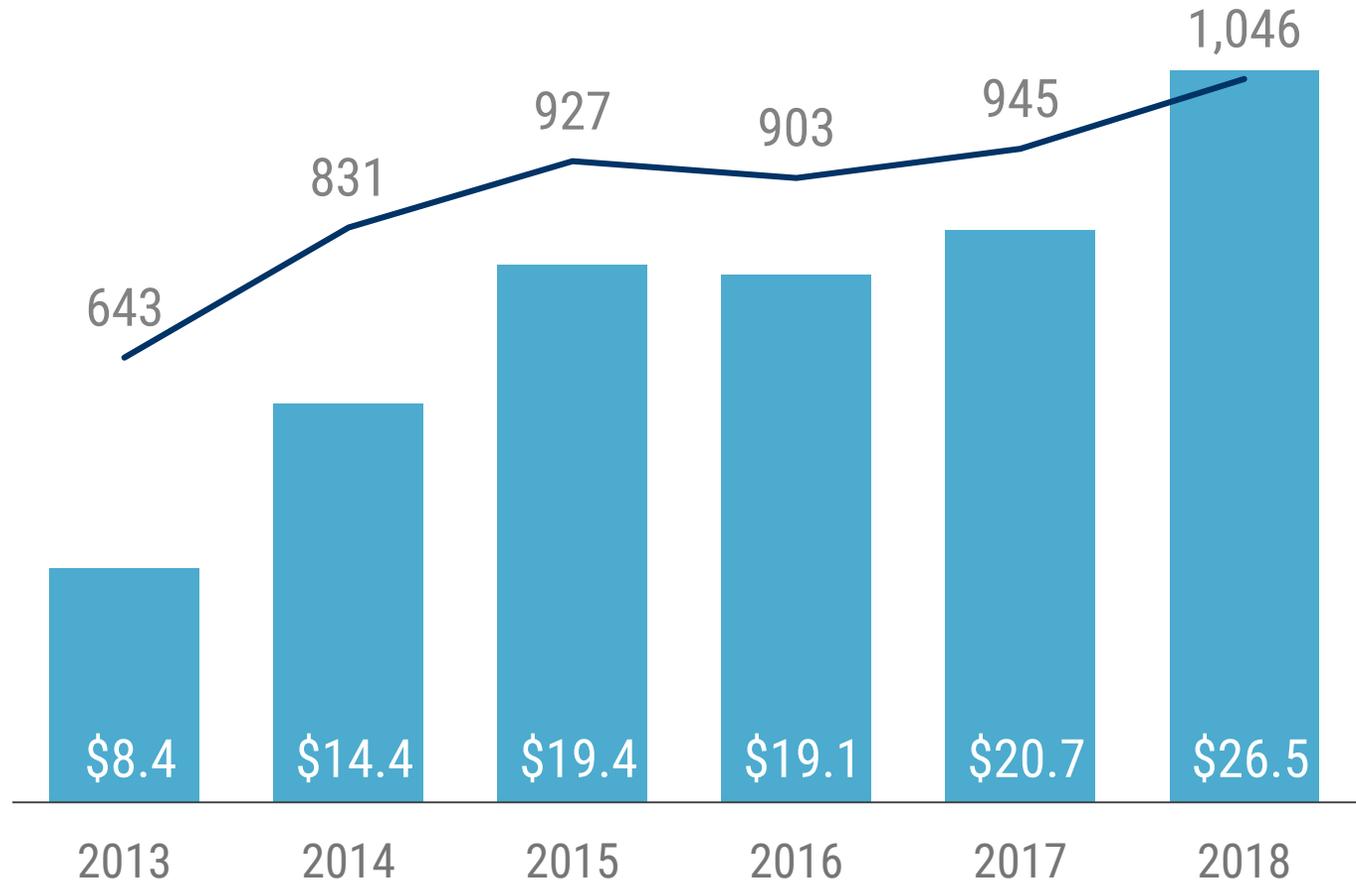
CVC funding to US companies received record funding, growing 28% from \$20.7B in 2017 to \$26.5B in 2018.

The US also saw more deal activity than ever before, growing from 945 deals in 2017 to 1,046 deals in 2018, up 11%.

Funding was bolstered by deals to companies like Moderna and Snowflake.

CVC activity to US startups reaches new highs

Annual disclosed CVC funding to the US, 2013 – 2018



● Investment (\$B) ● Deals



California draws the most CVC activity in the US

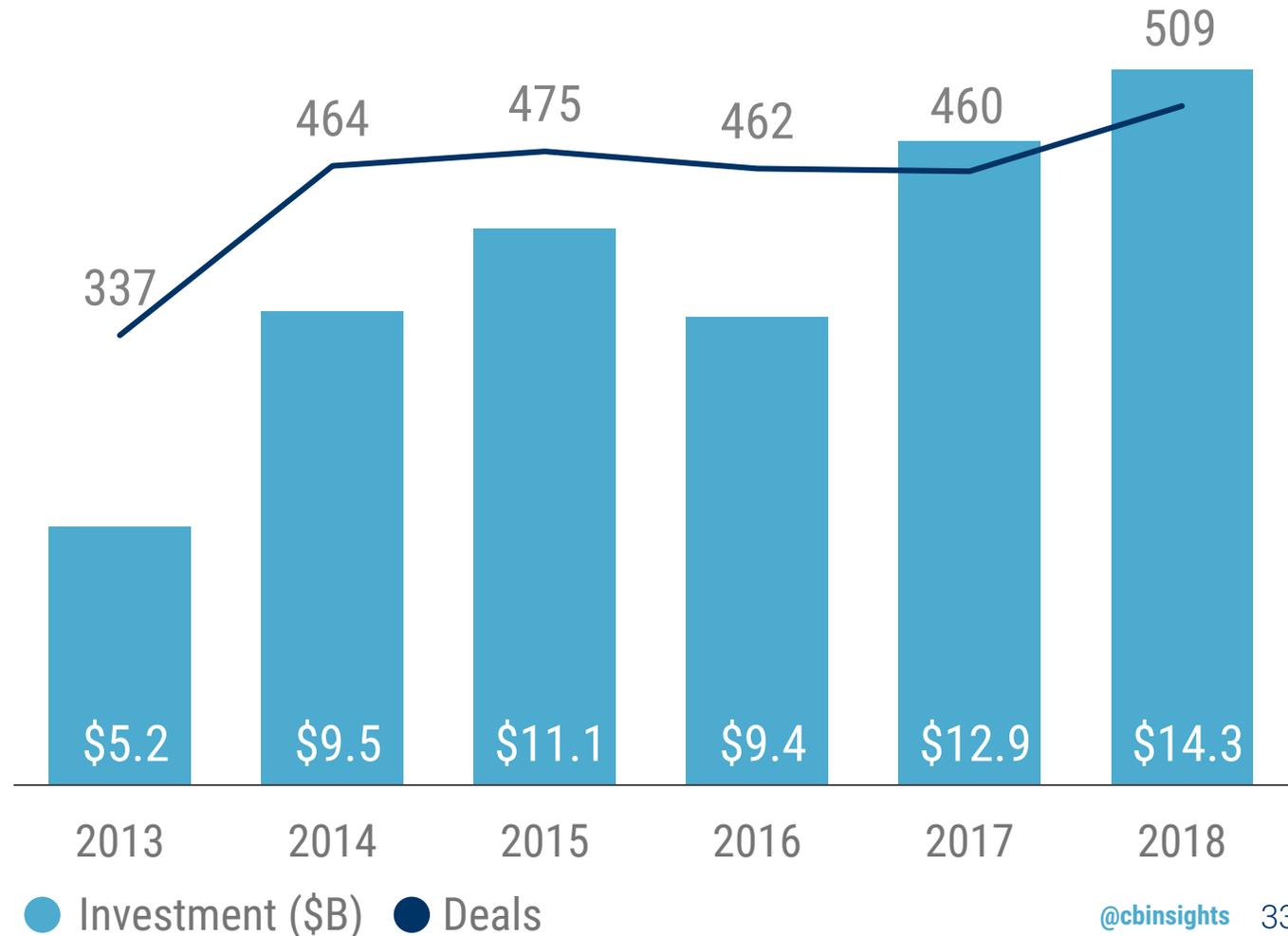
CVC funding to California-based companies reached \$14.3B in 2018, an all-time high, growing 11% from \$12.9B in 2017.

Deals in the state finally rebounded from the 4-year low of 460 deals in 2017.

Deal activity grew 11% year-over-year, reaching an all-time high of 509 deals in 2018.

California CVC deals rebound as funding reaches high

Annual disclosed CVC funding to California, 2013 – 2018



CVC funding to NY reaches high, deals remain level

New York CVC funding rebounded 78% in 2018 to \$3.2B. In addition, 2018 funding exceeded the previous 2016 high of \$3B.

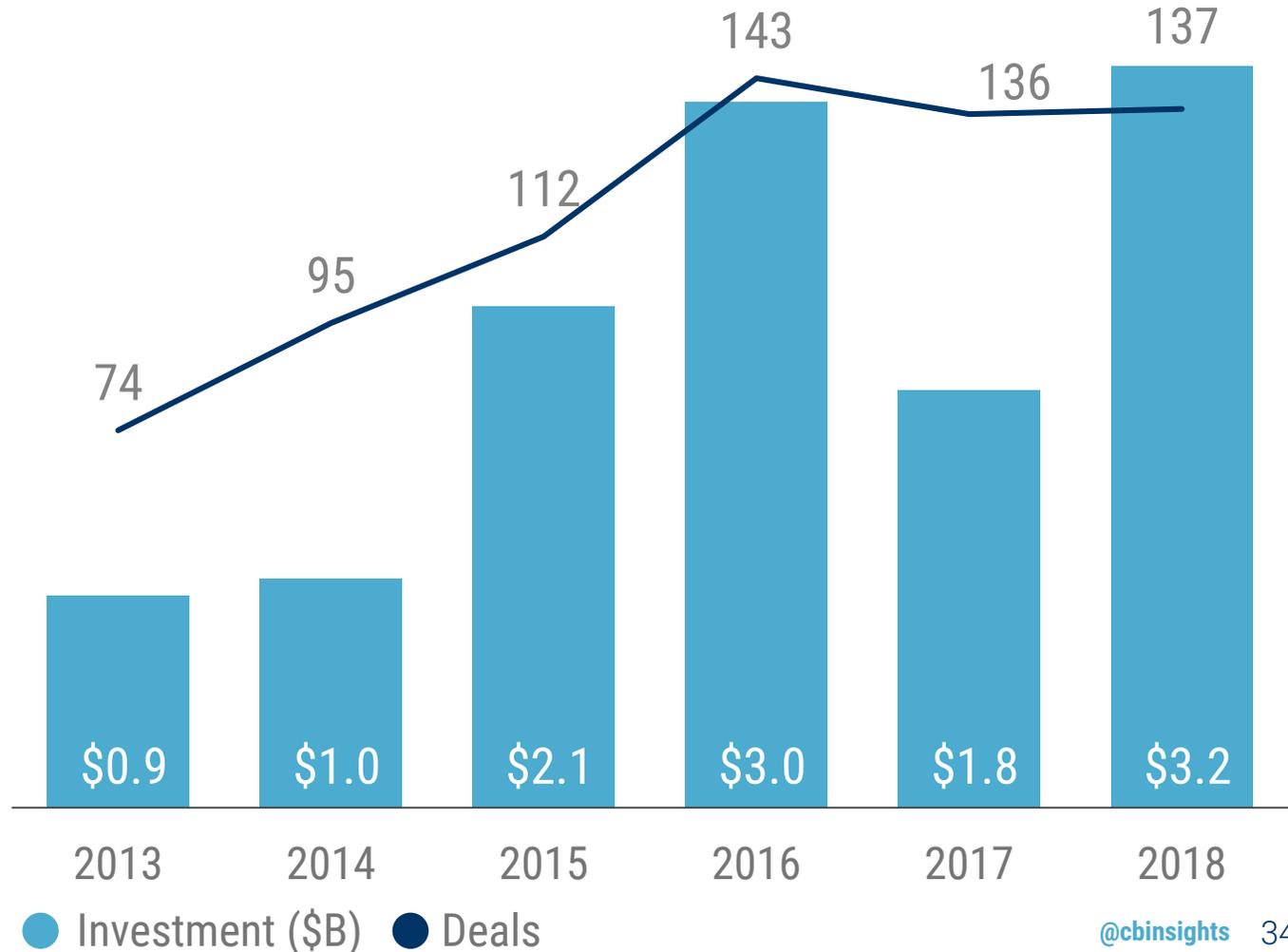
Deal activity remained stagnant at 137, just 1 deal higher than 2017, and 6 deals lower than the record 143 deals in 2016.

The largest CVC-backed NY deal in 2018 was a \$225M deal to UiPath.



CVC activity to New York startups remains stagnant

Annual disclosed CVC funding to New York, 2013 – 2018



MA CVC activity bolstered by big healthcare deals

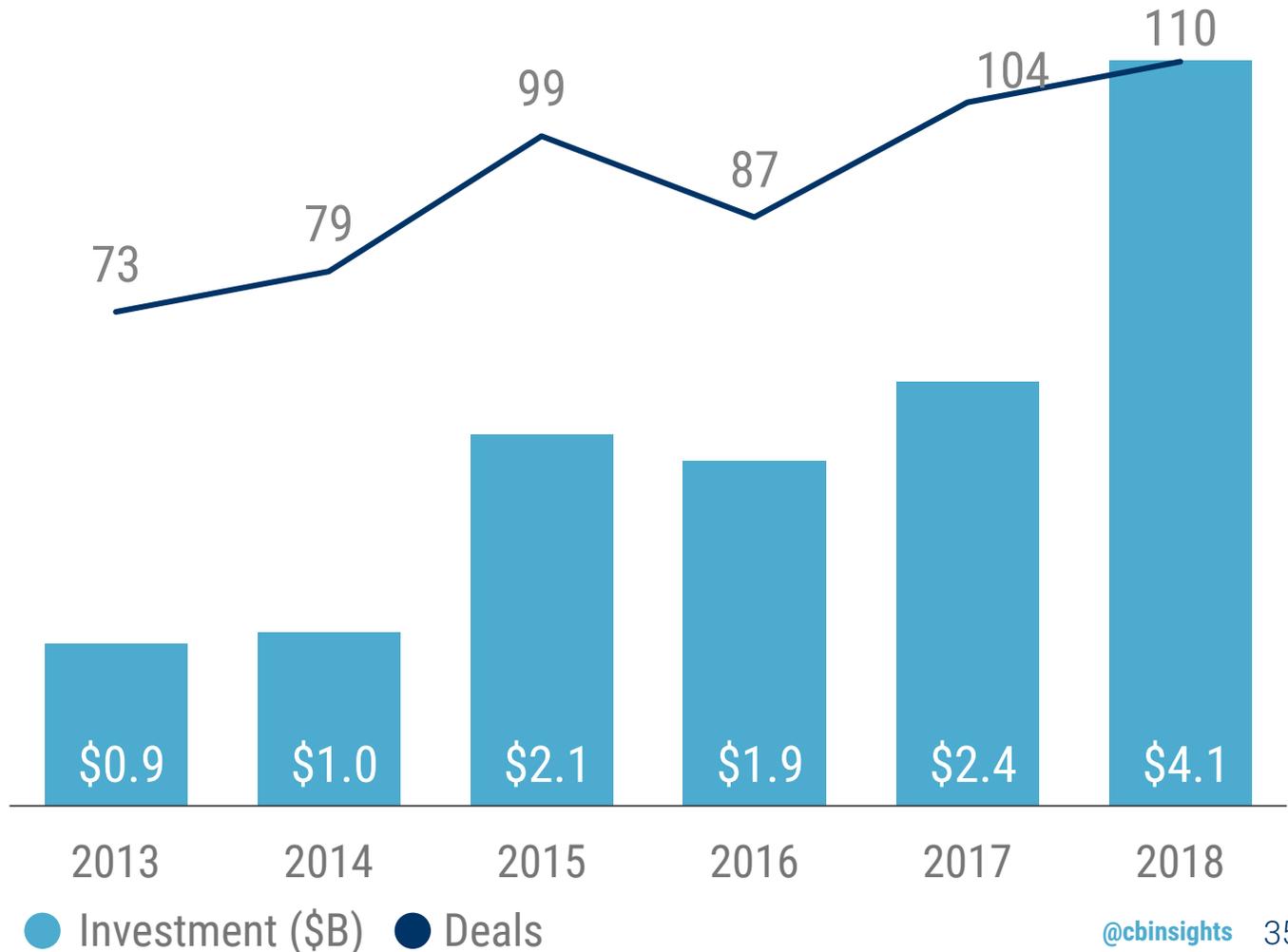
CVC funding to Massachusetts grew 76% year-over-year, from \$2.4B in 2017 to \$4.1B in 2018.

This was due to a number of mega-rounds (\$100M+) to healthcare companies like Moderna, Relay, TCR2, Iora, and Constellation.

Deals also reached an all-time high of 110 deals in 2018.

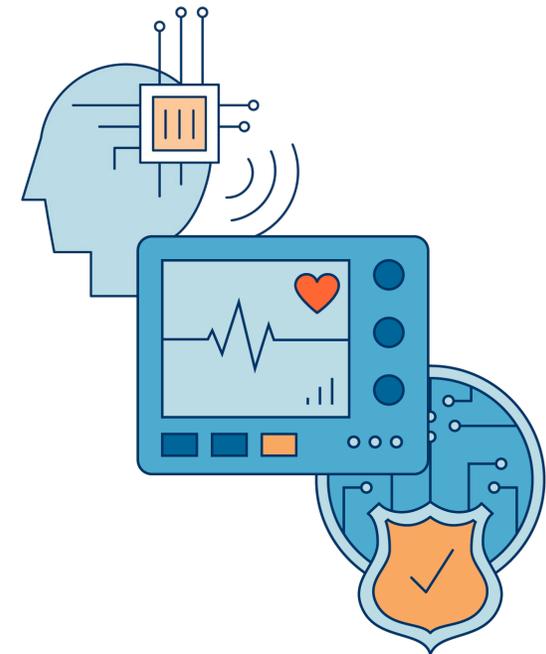
Massachusetts CVC funding surges, deals grow steadily

Annual disclosed CVC funding to Massachusetts, 2013 – 2018



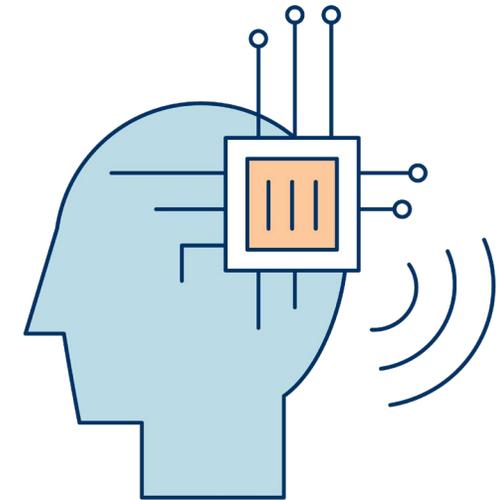
GLOBAL CORPORATE VENTURE CAPITAL IN 2018

AI, cybersecurity, and digital health attract CVCs



GLOBAL CORPORATE VENTURE CAPITAL IN 2018

AI sees record activity driven
by more opportunities in Asia



AI deals and dollars reach record high

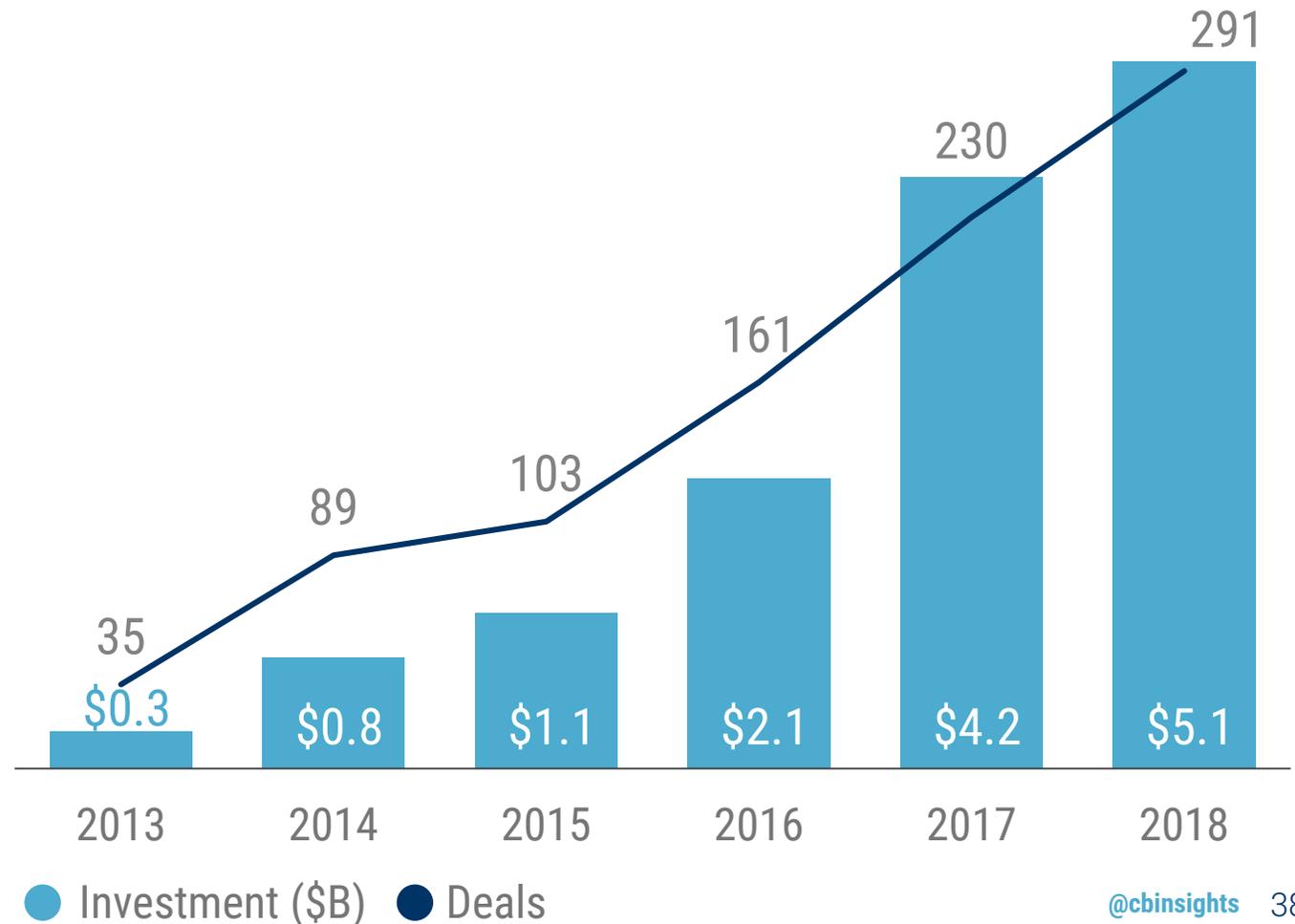
AI deals with CVC participation grew 27% to 291 in 2018, up from 230 deals in 2017.

Funding with CVC participation was also up 19% from \$4.2B in 2017 to \$5.1B in 2018.

The largest AI deal of 2018 was a \$620M deal to Chinese facial recognition startup SenseTime.

AI startups continue to attract CVC investment

Annual disclosed CVC funding to AI startups, 2013 – 2018



Asia becomes AI hotbed for CVCs

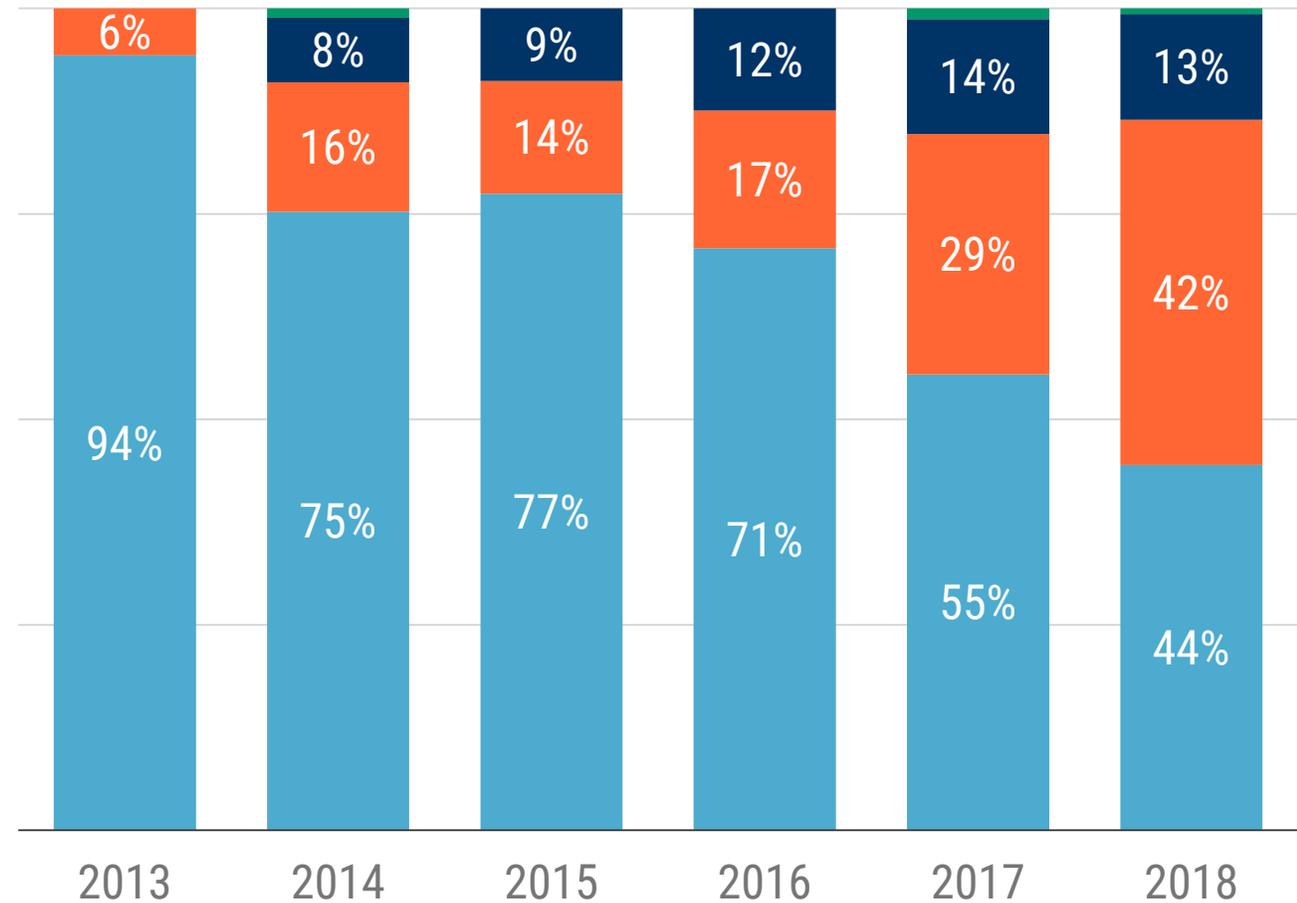
CVC deal share to AI startups in Asia may soon overtake deal share to North America.

In 2018, deal share to AI startups in Asia grew 13 percentage points to 42%. This is the second straight year of double digit deal share growth for the continent.

Meanwhile, deal share to North America has plummeted.

Asia becomes a focus for CVCs investing in AI

Annual global CVC AI deal share by continent, 2013 – 2018





Collections



Advanced Search



Trends



Profile

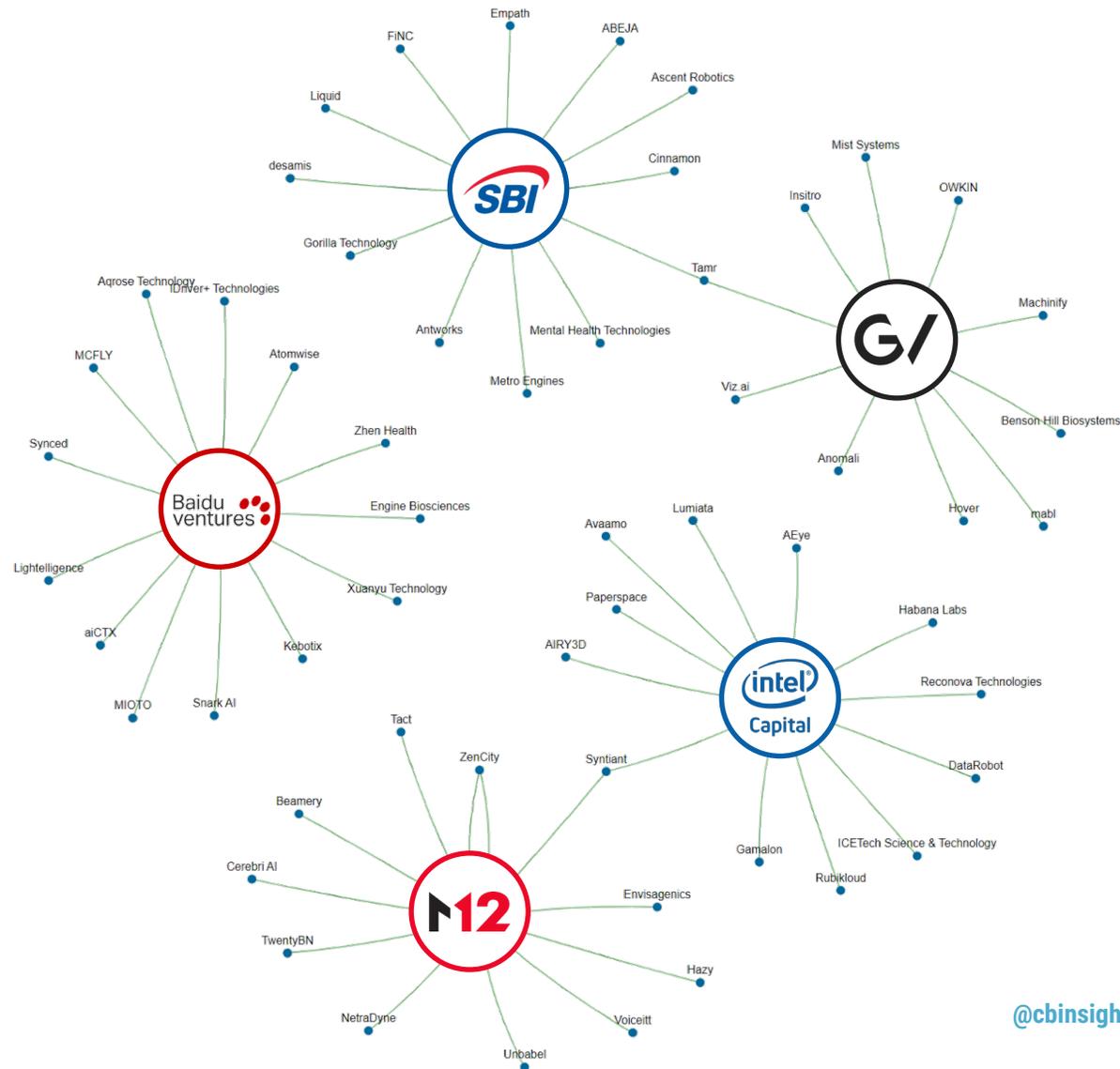
Baidu Ventures invested most in AI in 2018

With 13 unique AI investments in 2018, Baidu Ventures was the most active CVC in the space.

The Beijing-based CVC was followed by Intel Capital and SBI Investments, both of which had 12 unique AI investments in 2018.

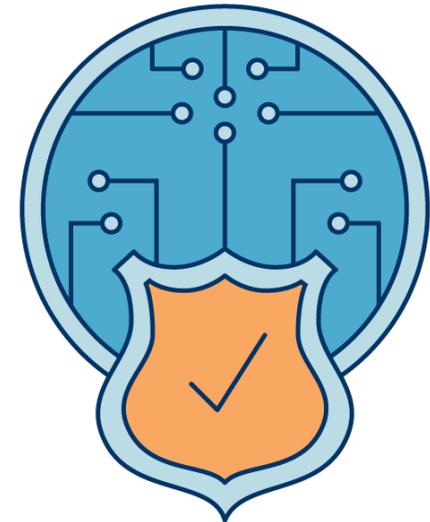
M12 and GV followed with 11 and 10 unique investments, respectively.

Most active CVC groups in AI during 2018



GLOBAL CORPORATE VENTURE CAPITAL IN 2018

Cybersecurity draws steady CVC investment in the US



Cyber attracts consistent CVC investment

2018 was a banner year for cybersecurity companies attracting CVC investment.

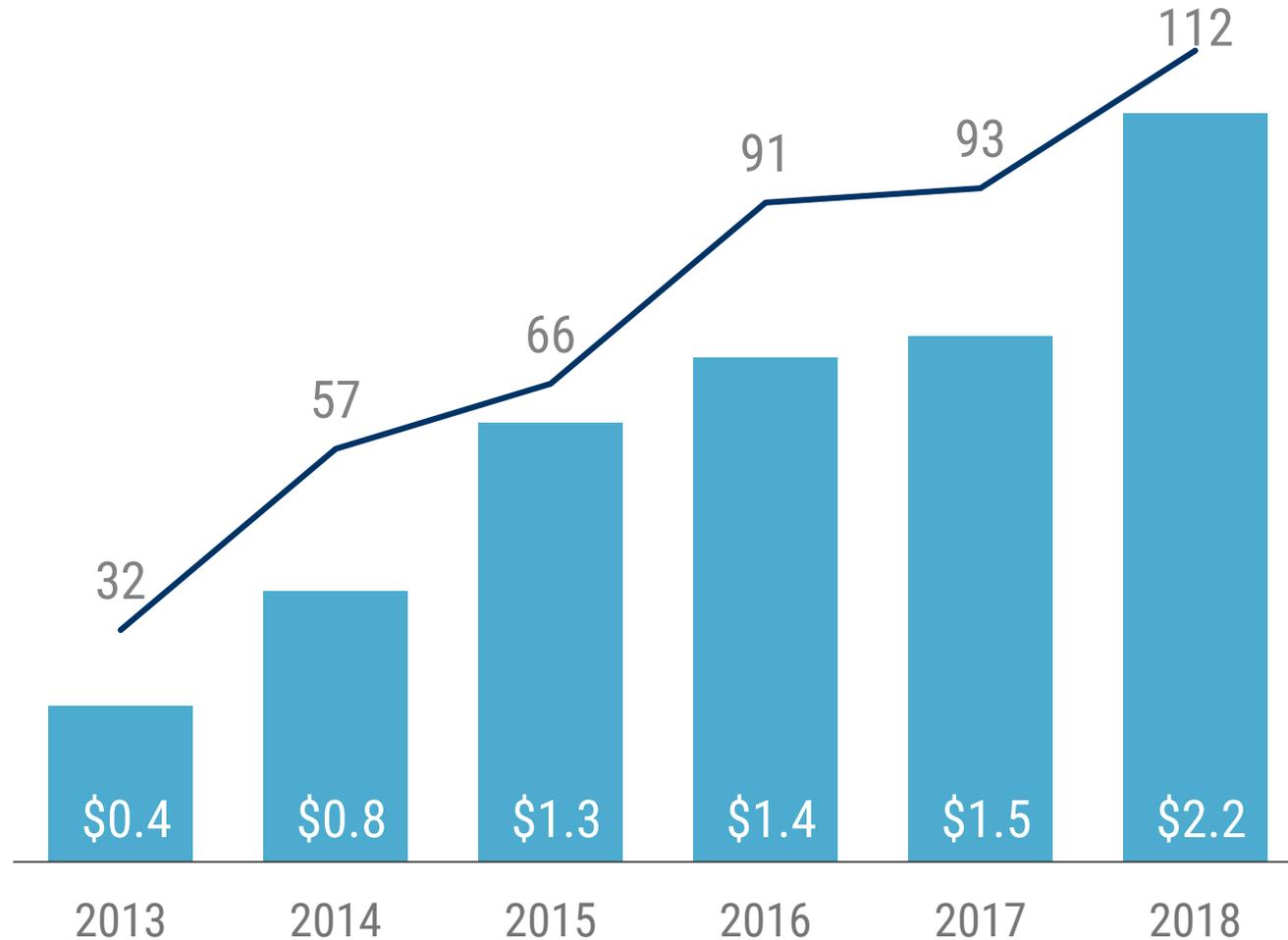
In total, 112 deals were made, 19 deals more than in 2017.

In addition, funding grew to \$2.2B after a year of little growth. 2018 funding closed 42% higher than the year prior.



Cybersecurity steadily attracts CVC investment

Annual disclosed CVC funding to cybersecurity startups, 2013 – 2018



● Investment (\$B) ● Deals

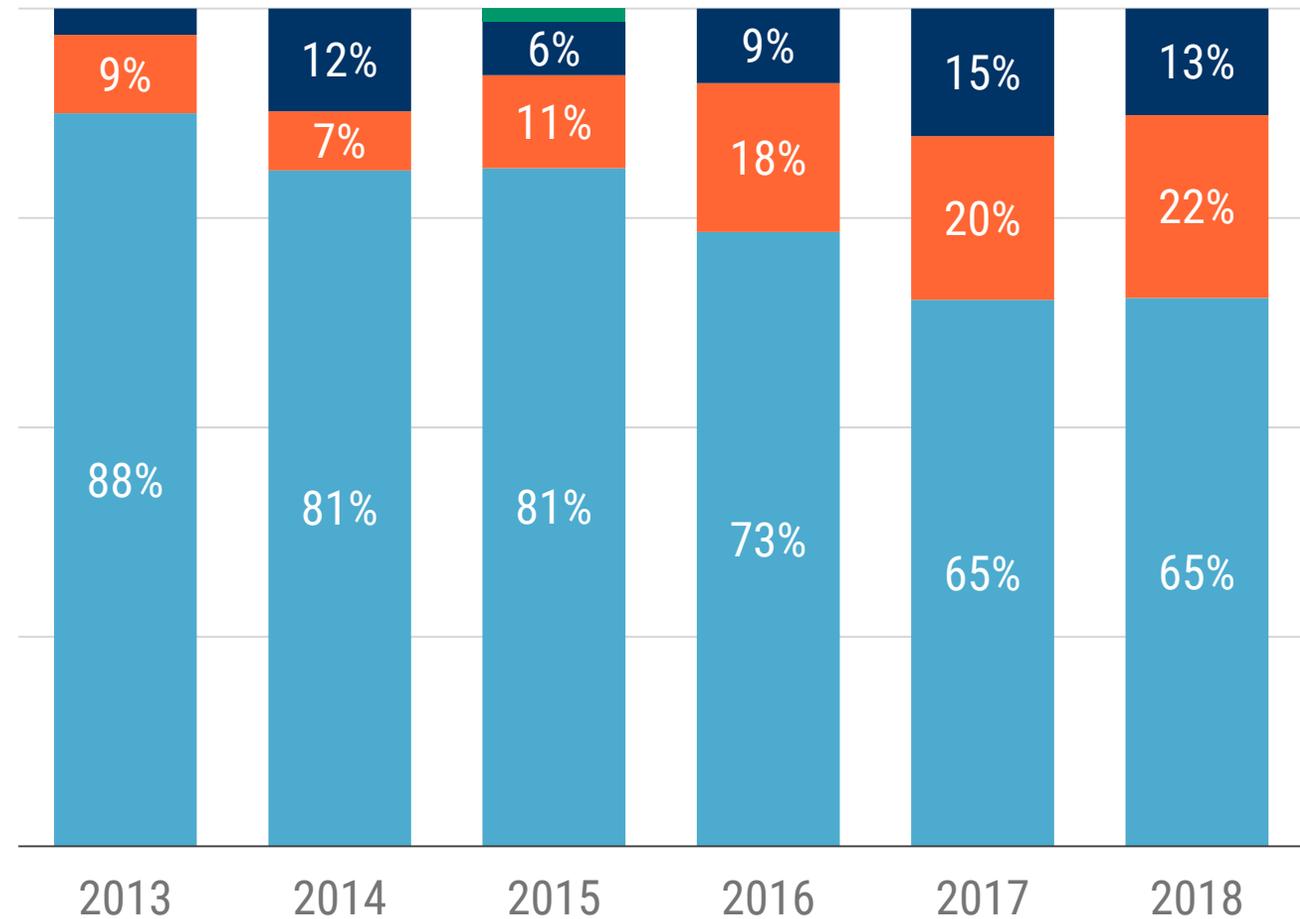
Cyber startups in Asia start to attract more CVC interest

Though North American cybersecurity companies are attracting less of the overall CVC deal share than in years prior, deal share remained steady year-over-year at 65%.

Asian cybersecurity companies attracted slightly more of the overall pot with 22%, 2 percentage points higher than in 2017.

North American cybersecurity maintains CVC dominance

Annual global CVC cybersecurity deal share by continent, 2013 – 2018





Collections



Advanced Search



Trends



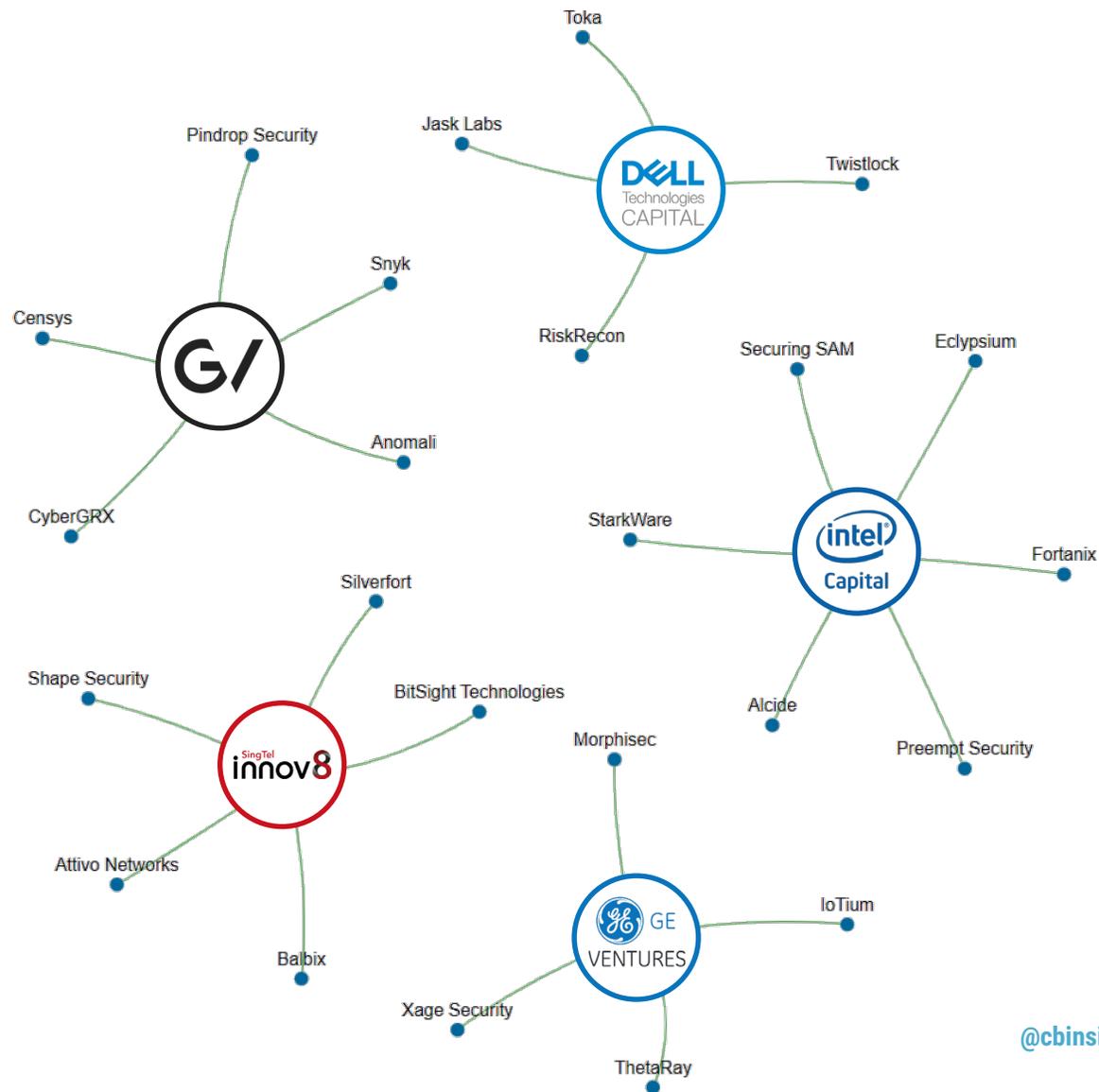
Profile

Intel Capital invests most in cyber during 2018

With 6 unique cybersecurity investments in 2018, Intel Capital was the most active CVC in the space.

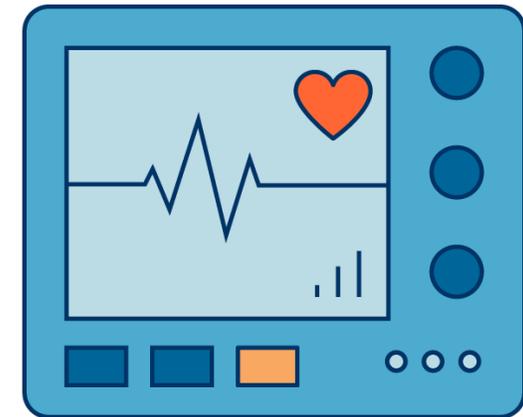
Intel was followed by Singtel Innov8 and GV, both of which had 5 unique cyber investments in 2018, then by GE Ventures and Dell Technology Capital, which both had 4.

Most active CVC groups in cybersecurity during 2018



GLOBAL CORPORATE VENTURE CAPITAL IN 2018

Digital health continues growth thanks to more activity in Asia



Digital health CVC funding hits low, deals hit high

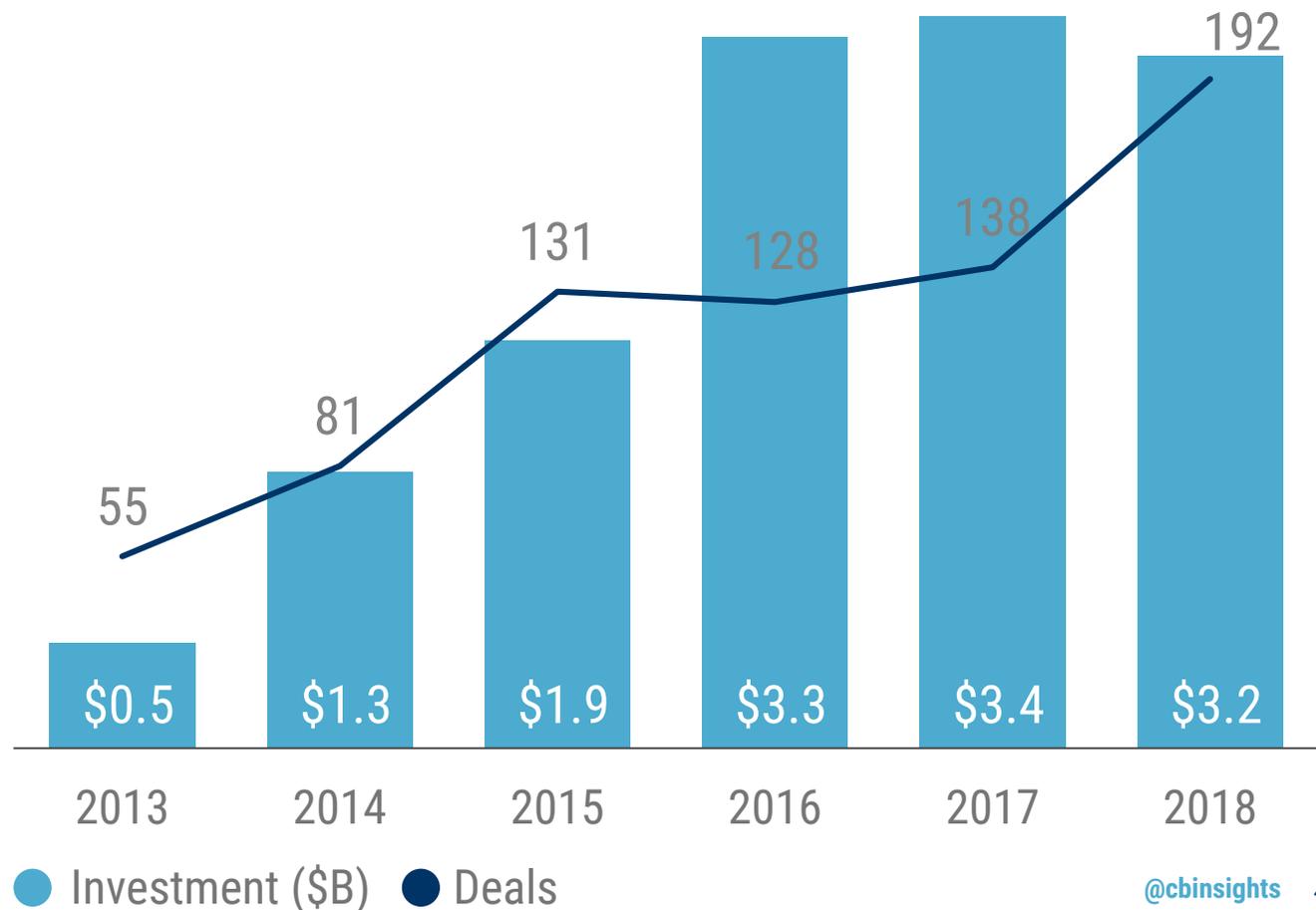
CVC-backed deals to digital health companies broke from a recent plateau, reaching 192 deals in 2018. This is a roughly 39% spike from the 138 deals in 2017.

However, total CVC funding to digital health companies dropped slightly, from \$3.4B in 2017 to \$3.2B in 2018.



CVC investment to digital health startups inches higher

Annual disclosed CVC funding to digital health startups, 2013 – 2018



Asia may soon overtake North American share

In 2018, Asia accounted for 38% of total CVC-backed deals to digital health companies. This was 7 percentage points higher than the year prior.

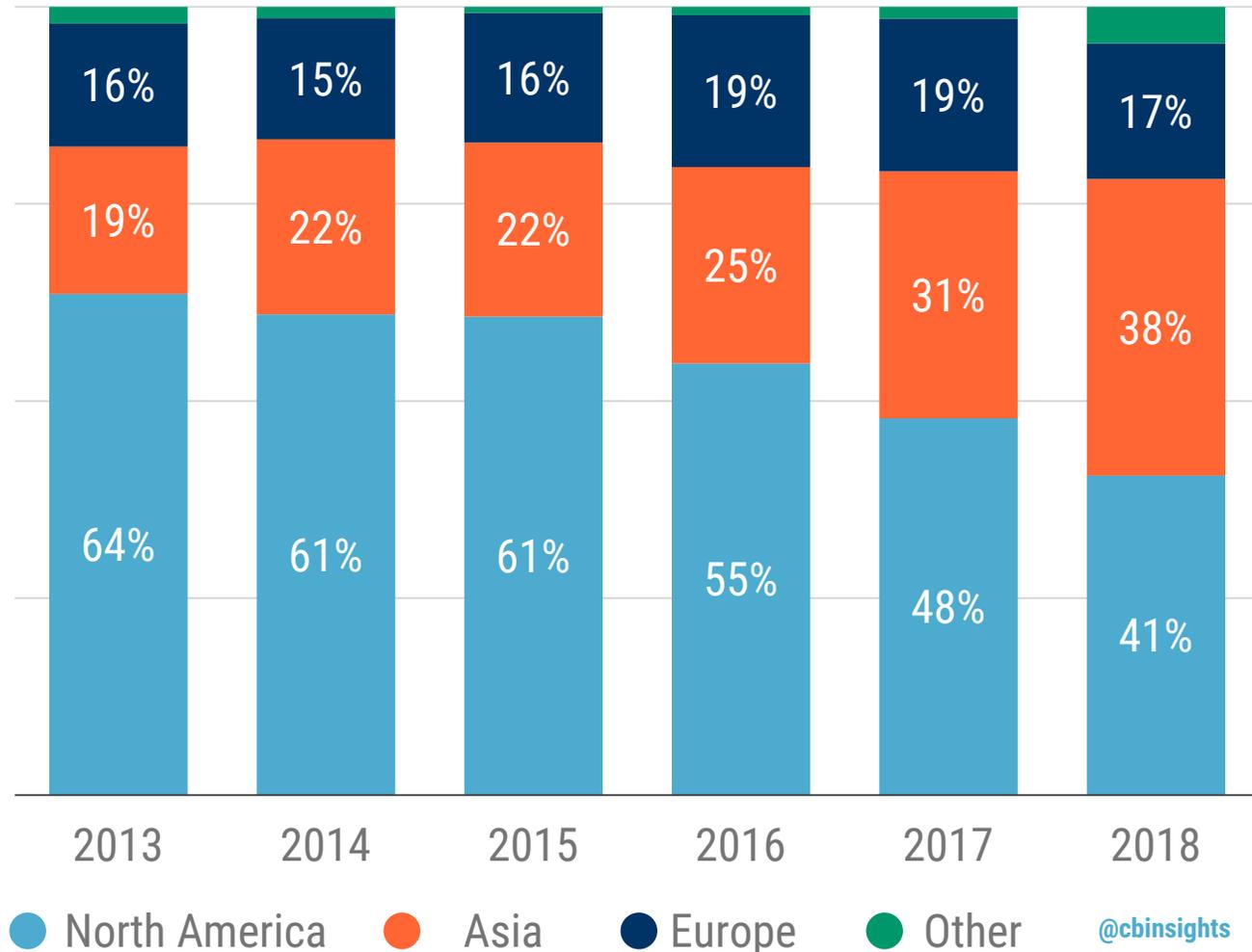
As a result, North American CVC-backed digital health deal share fell 7 percentage points to 41%.

Europe and others regions remain relatively stagnant.



Digital health companies in Asia start to attract CVCs

Annual global CVC digital health deal share by continent, 2013 – 2018





Collections



Advanced Search



Trends



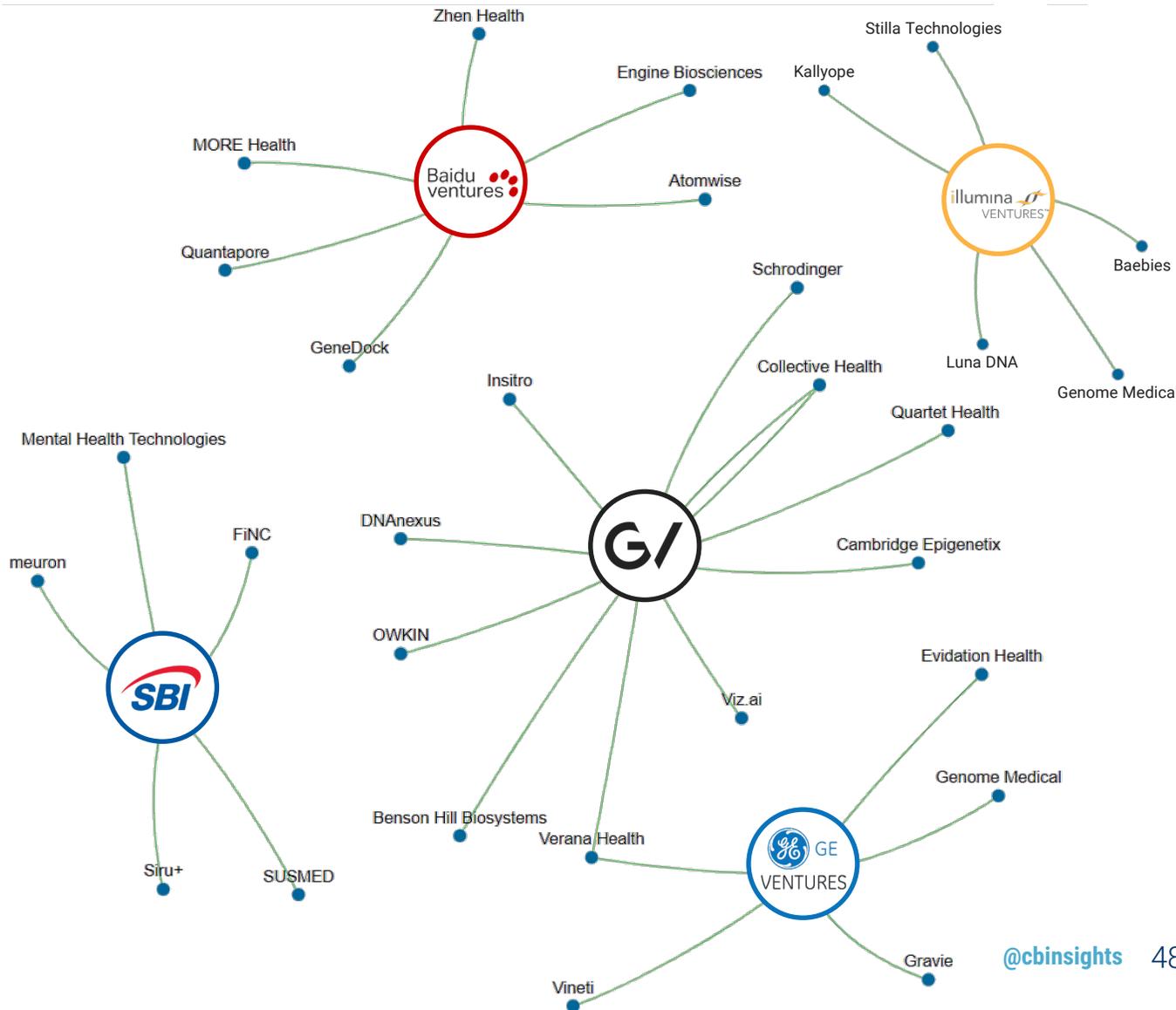
Profile

GV leads the way in digital health during 2018

With 10 unique digital health investments in 2018, Google Ventures (GV) was the most active CVC in the space.

Alphabet's venture arm was followed by Baidu Ventures, which had 6 unique digital health investments, then by SBI Investments, GE Ventures, and Illumina Ventures, which each had 5.

Most active CVC groups in digital health during 2018



REPORT METHODOLOGY

This report only includes investment by CVC funds, which are defined as separately demarcated corporate investment vehicles. Corporates making strategic investments directly and related analysis are not included, with the exception of page 14. For questions regarding this methodology, please reach out to info@cbinsights.com.





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