

Tech funding surging despite bubble fears: survey

October 14 2015, by Rob Lever



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Investors poured increasing amounts of cash into startups in the third quarter, defying fears of a bubble in the tech sector, a survey showed Wednesday.

A total of 1,799 venture-backed startups around the world pulled in \$37.6 billion in funding in the quarter, the highest since 2001, according to the survey by CB Insights and KPMG.

The vast majority of the funding—77 percent in the quarter—went to technology startups, according to the report. The largest other segment was health care, including digital health startups, taking in 12 percent.

Venture funding so far this year has hit \$98.4 billion, already eclipsing the 2014 total of \$88.7 billion and double the amount of 2013.

But the survey did find some signs of cooling of tech investment fever.

A large share of the funds went to mega-[deals](#) of \$100 million or more, and the money flowing into early-stage or "seed" funding fell for a fifth consecutive quarter.

Ten of the deals topped \$500 million and more than 60 deals drew in excess of \$100 million, according to the survey, with large startups such as Uber and Airbnb eschewing initial public offerings.

Only 23 percent of the [funding](#) went to early-stage deals, the lowest level in five quarters.

"Today, there are more late stage deals and fewer IPO exits than in years past," the report said. "This may be affecting the availability of cash for seed investment."

Unicorns proliferating

The cash flow has led to accelerating growth in the number of billion-dollar startups, which have become known as "unicorns."

A total of 23 unicorns were created in the past quarter—17 in the United States—bring the total to 58 so far this year. According to CB Insights, there are 104 unicorns worldwide with a combined valuation of \$503 billion.

The North America region drew the lion's share of [venture funding](#) in the quarter at \$20.3 billion, while Asian-based startups took in \$13.5 billion and European firms \$3.6 billion, the report showed.

Some of the big Asian investments went to Chinese transport [startup](#) Didi Kuaidi, Shanghai food delivery group Ele.me and India's ecommerce firm Snapdeal. Notable startups in Europe pulling in cash in the past quarter include France's carsharing Blablacar and German food prep group Hellofresh.

By sector, Internet and mobile communications represented the bulk of venture-backed investments, accounting for 67 percent of all deals in the quarter.

Other important sectors including financial technology startups, which drew \$3 billion in the past quarter led by online lender Social Finance, and digital health, with \$1.46 billion led by China's Guahao and US-based Zocdoc.

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