

South Florida startups taste the one thing they've been missing: money

April 6 2018, by Rob Wile, Miami Herald

South Florida startups are finally being shown the money.

A total of 104 venture capital deals were signed by young companies in Dade, Broward and Palm Beach counties in 2017, according to data compiled for the Miami Herald by research group Pitchbook. This marks the second time in three years that the number of deals has reached or surpassed triple digits—showing South Florida is on track in its quest to become a significant startup hub.

And 2018 is off to a promising start, with 23 deals already counted through March 22.

Online pet supplier Chewy notched the region's largest funding round in 2017, with \$100 million in investment, Pitchbook reports. Chewy was then acquired by PetSmart for more than \$3 billion—the largest-ever e-commerce buyout.

Chewy came out ahead last year only because 2017 was a quiet year for Magic Leap, the secretive augmented reality company based in Plantation. In just the first few months of 2018 alone, Magic Leap has already raised nearly \$1 billion—the largest round for any South Florida company since 2015 according to Pitchbook. That's on top of the nearly \$800 million the company raised in 2016.

Magic Leap's big numbers put Miami on par with Atlanta. Between 2010 and 2017, startups in both cities drew \$5.6 billion, putting them in a tie

for the nation's No. 12 position for money raised.

Yet even without Magic Leap, the total value of all South Florida deals has surpassed more than \$500 million for each of the past three years.

Which begs the question: Should South Florida be trying to birth and feed megacompanies like Magic Leap, or should it be creating a fertile environment for letting as many successful companies as possible bloom, even if they never reach Magic Leap's scale?

For WhereBy.Us CEO Christopher Sopher, whose company just closed on a \$1.5 million funding round, the answer can be: both.

"This is a false choice, to me," Sopher said in an email. "I think it's silly to try and aim for 'one big win.' That's like trying to build a great baseball team with one guy who hits a lot of home runs."

At the same time, the reality of venture capital is that often one company claims big winnings while others fall by the wayside, he said.

"The whole idea of venture is that you place lots of small bets on lots of smart people, knowing some are going to hit on a huge opportunity and go all the way, and most will fail."

What Pitchbook's data doesn't reveal is the location of the venture capitalists betting on South Florida companies. Anecdotally, the answer still seems to be: Not here.

Magic Leap's \$963 million came largely from Saudi Arabia and Singapore; the \$11 million raised in January by Palm Beach Gardens ultrasound [company](#) Sonavation came from New York-based CoVenture.

In the case of WhereBy.Us, which has garnered more than \$1 million, recent investors include Silicon Valley investor Jason Calacanis (they met at a Refresh Miami event); Sacramento-based McClatchy, which owns the Miami Herald; and New York-based SeedInvest crowd-funding platform.

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