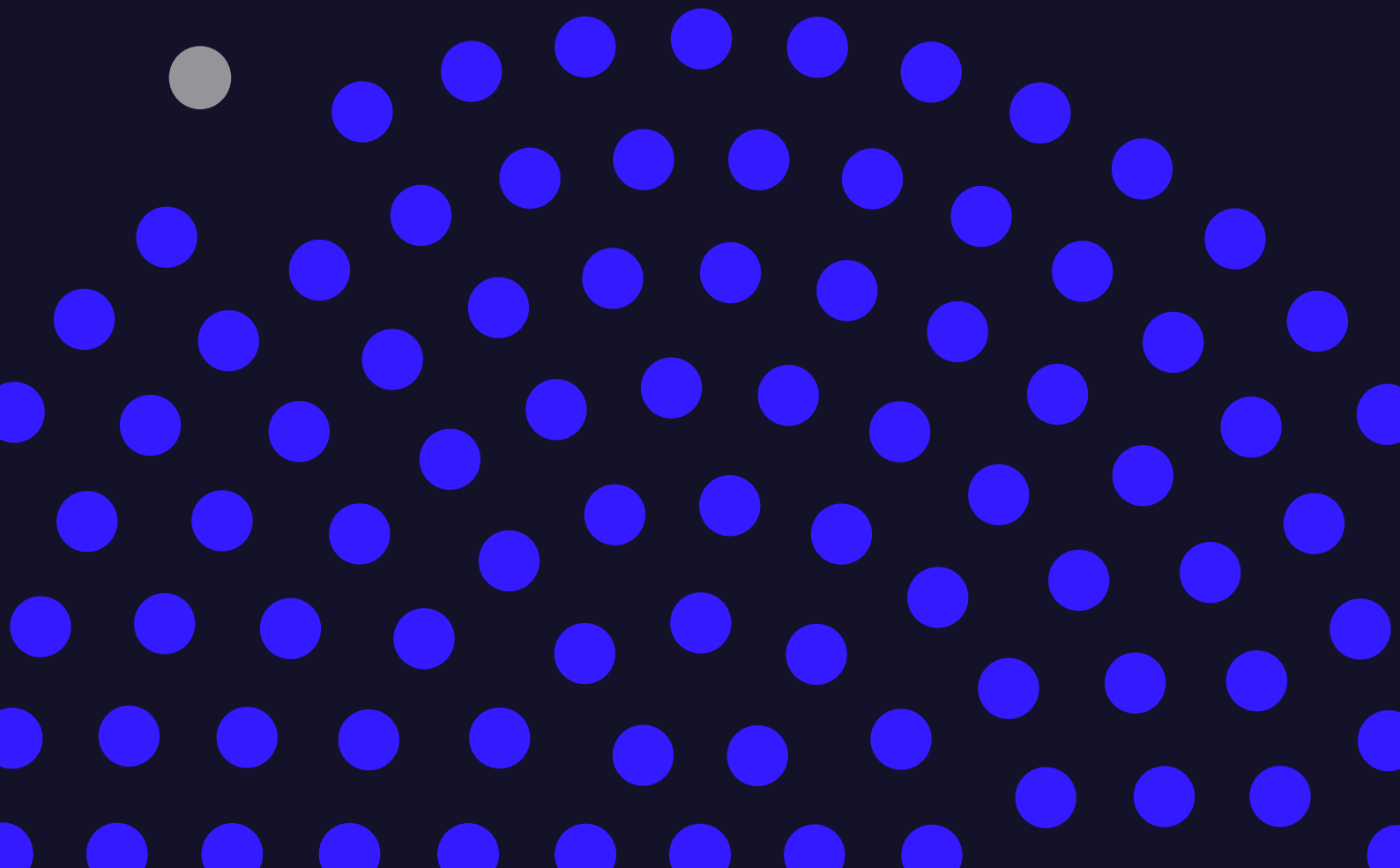


What does investment in blockchain look like? 2013 – 2019

Author: Joel John
Head of Research: Lawrence-Lundy-Bryan

Outlier Ventures

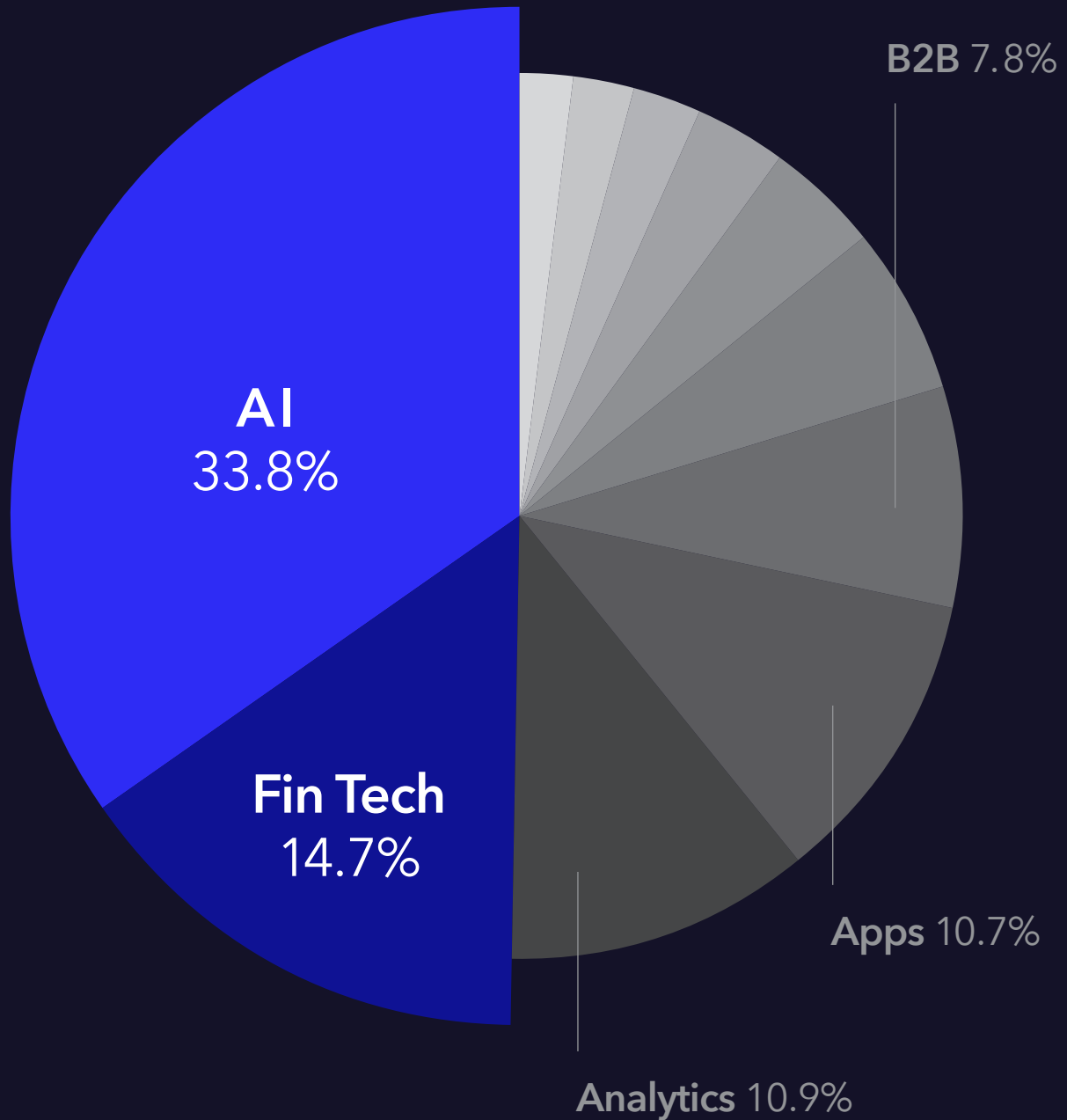


\$23.7 Billion raised by **3738**
Blockchain Companies
Since 2013

Early Stage Fundraising
High in Count, but follow
on rounds **Few and Scarce**

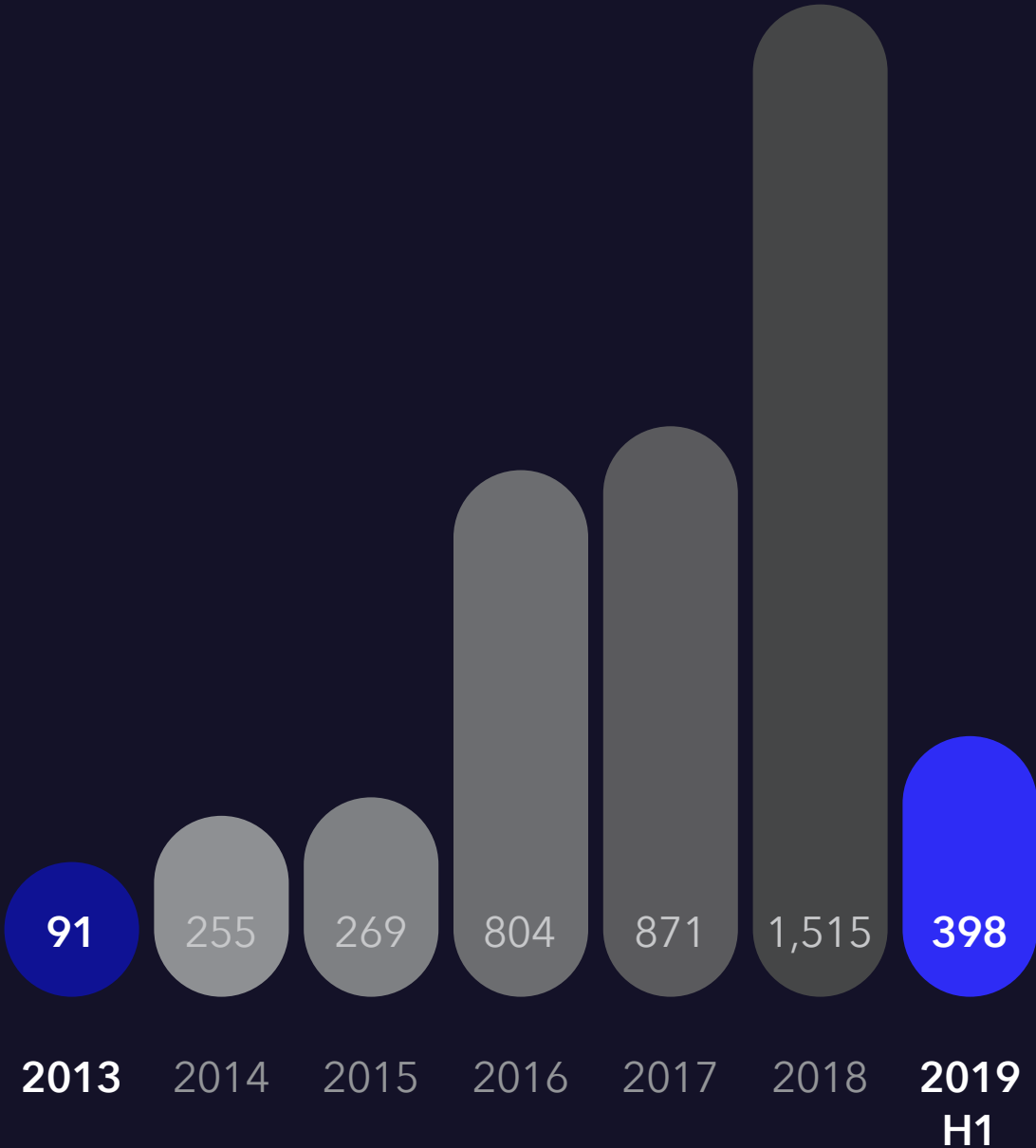
75% of All Deal Flow Focused
Only On Early Stage Rounds

AI and FinTech emerge as key focus areas



Note : Sample size of 737 companies without focus on Bitcoin, Cryptocurrencies
Source: Crunchbase

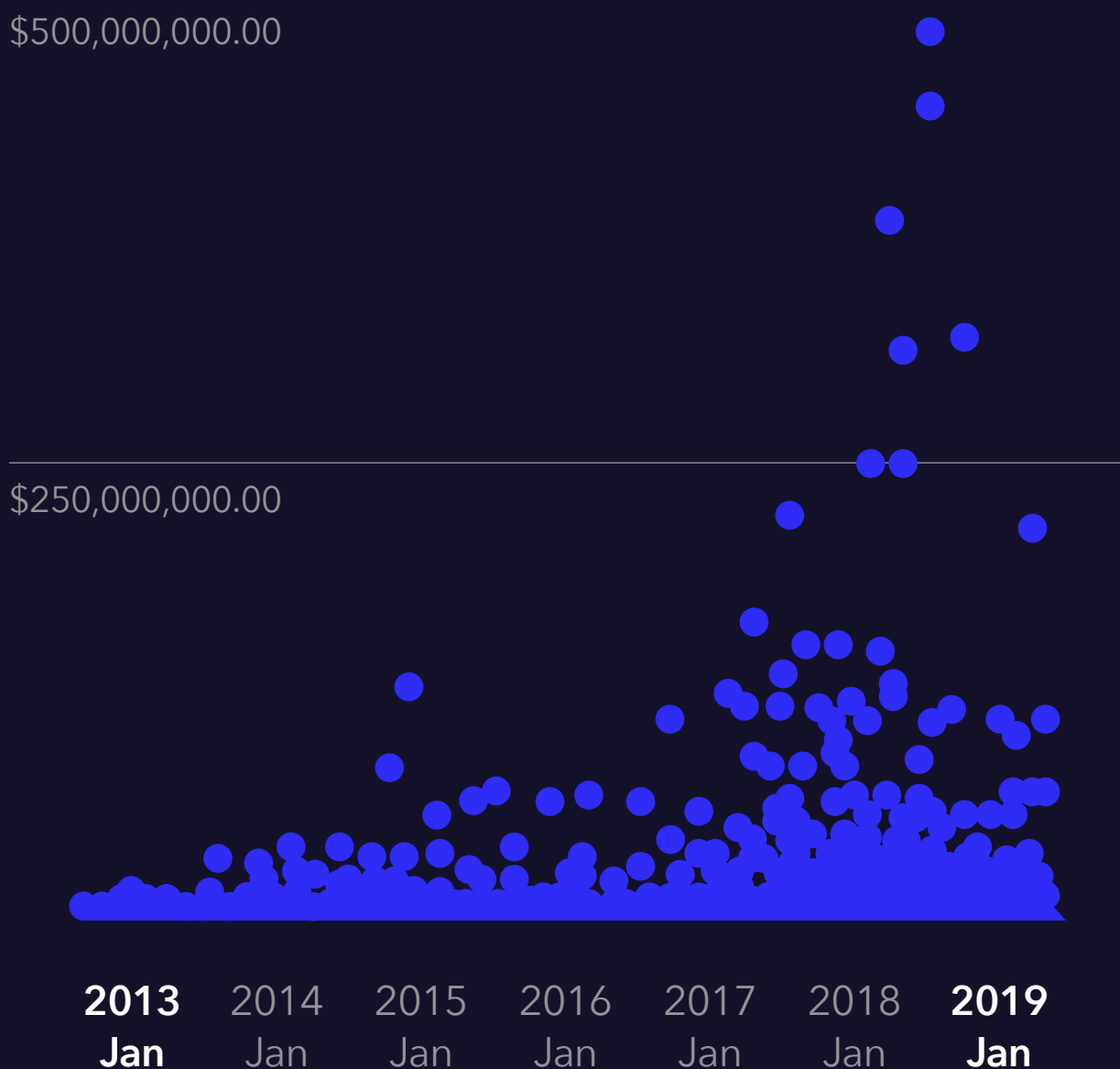
2019 will see 9X more blockchain deals than 2013



Note : Deals include ICOs, Debt, PE and Grants
Source: Crunchbase

Early stage financing is a competitive business

The high frequency of early stage financing could indicate seed stage rounds closing quicker. This in turn could lead to a lack of much needed value added services investors could bring on board.

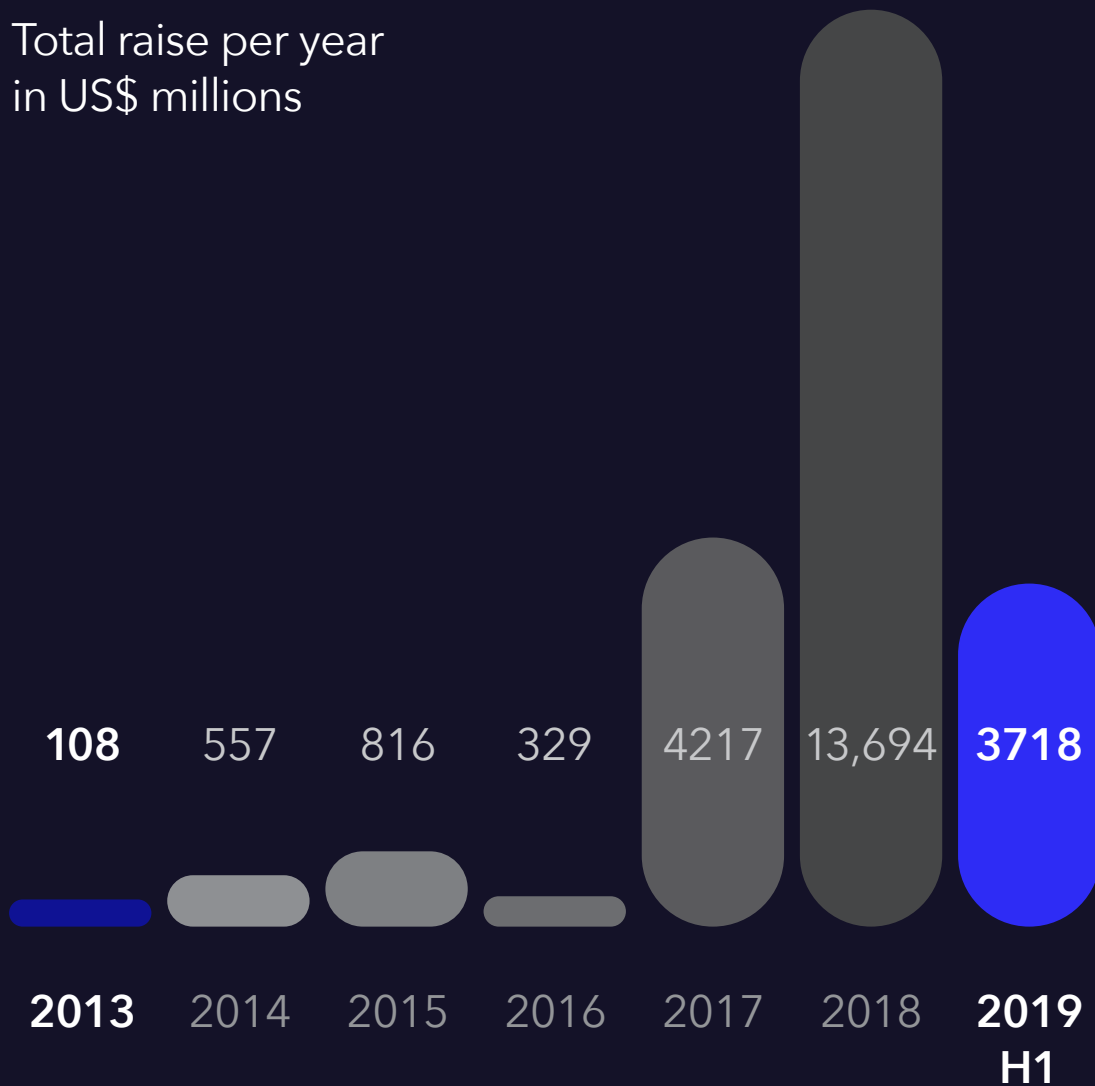


Source: Crunchbase

Easy Capital Does Not Warrant Ecosystem Success

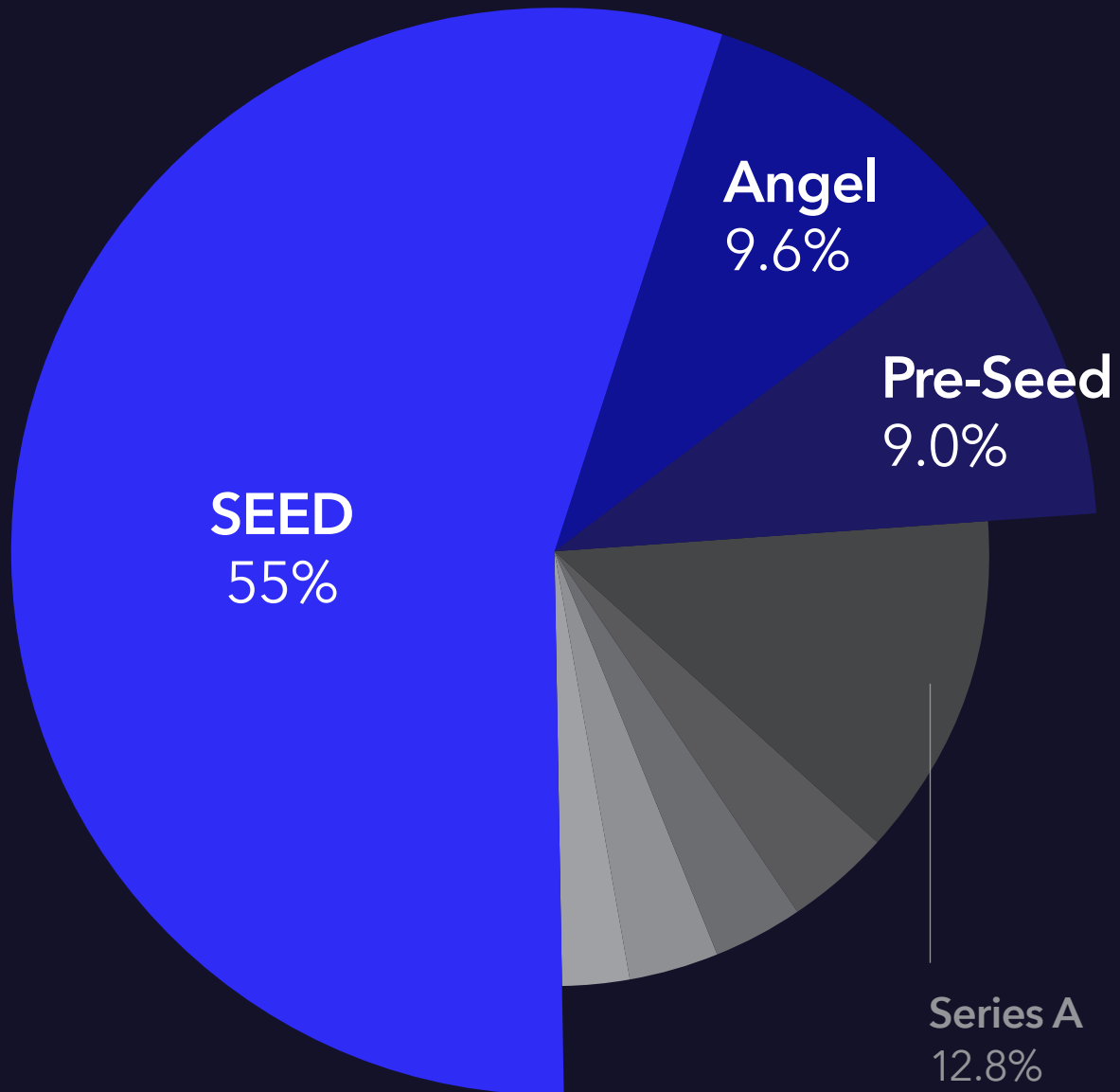
2018 witnessed roughly 130 times the funding 2013 had but in terms of a user-base, the ecosystem has not produced a similar growth pattern.

Total raise per year
in US\$ millions



Note : Deals include ICOs, Debt, PE and Grants
Source: Crunchbase

Early stage financing in the form of **seed**, **angel** and **pre-seed** backing constitute of **75%** of all deals in the ecosystem today...

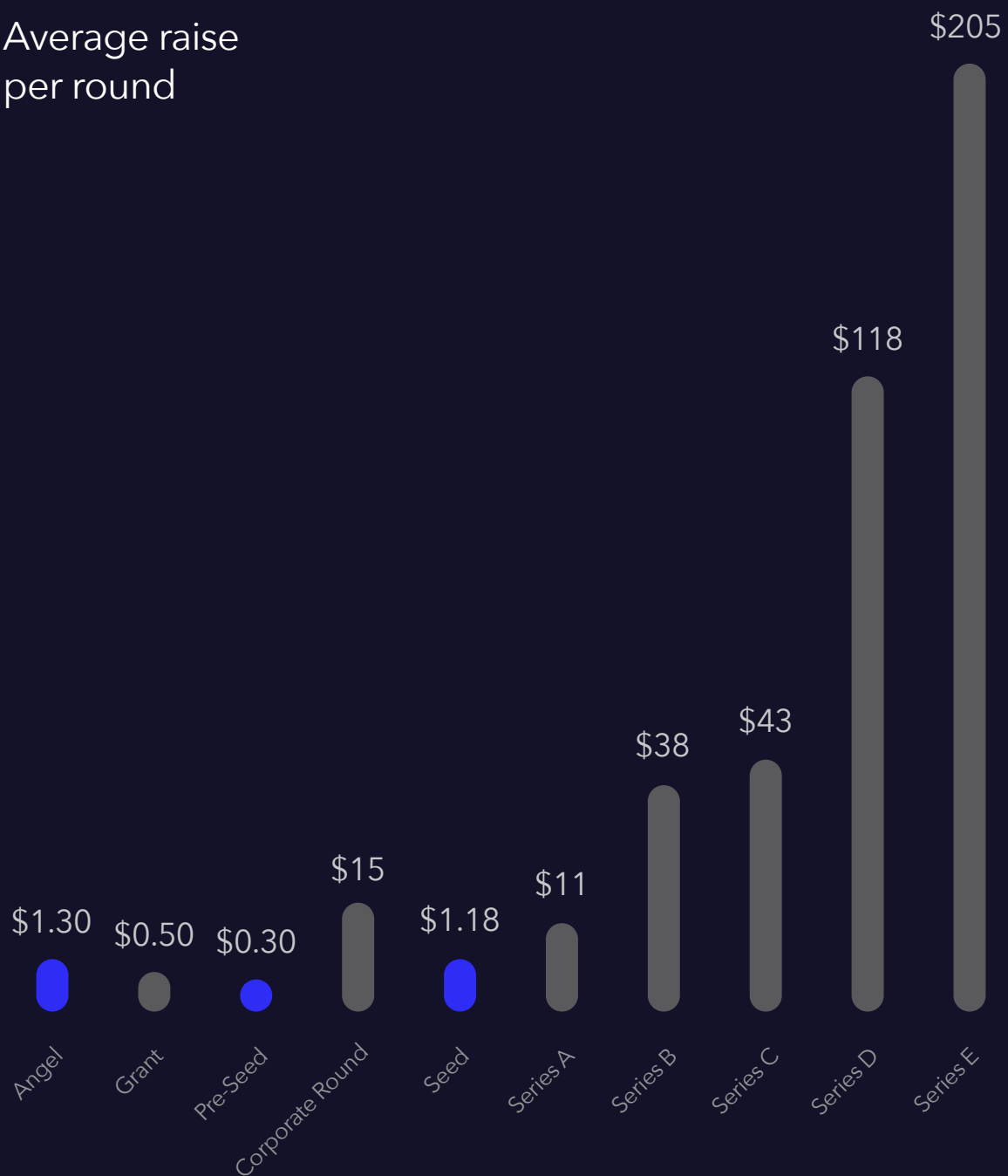


Note : Sample size of 737 companies without focus on Bitcoin, Cryptocurrencies
Source: Crunchbase

...and seed stage raises are quite healthy in size

The average seed stage firm building for blockchains raises \$1.18 million.

Average raise per round

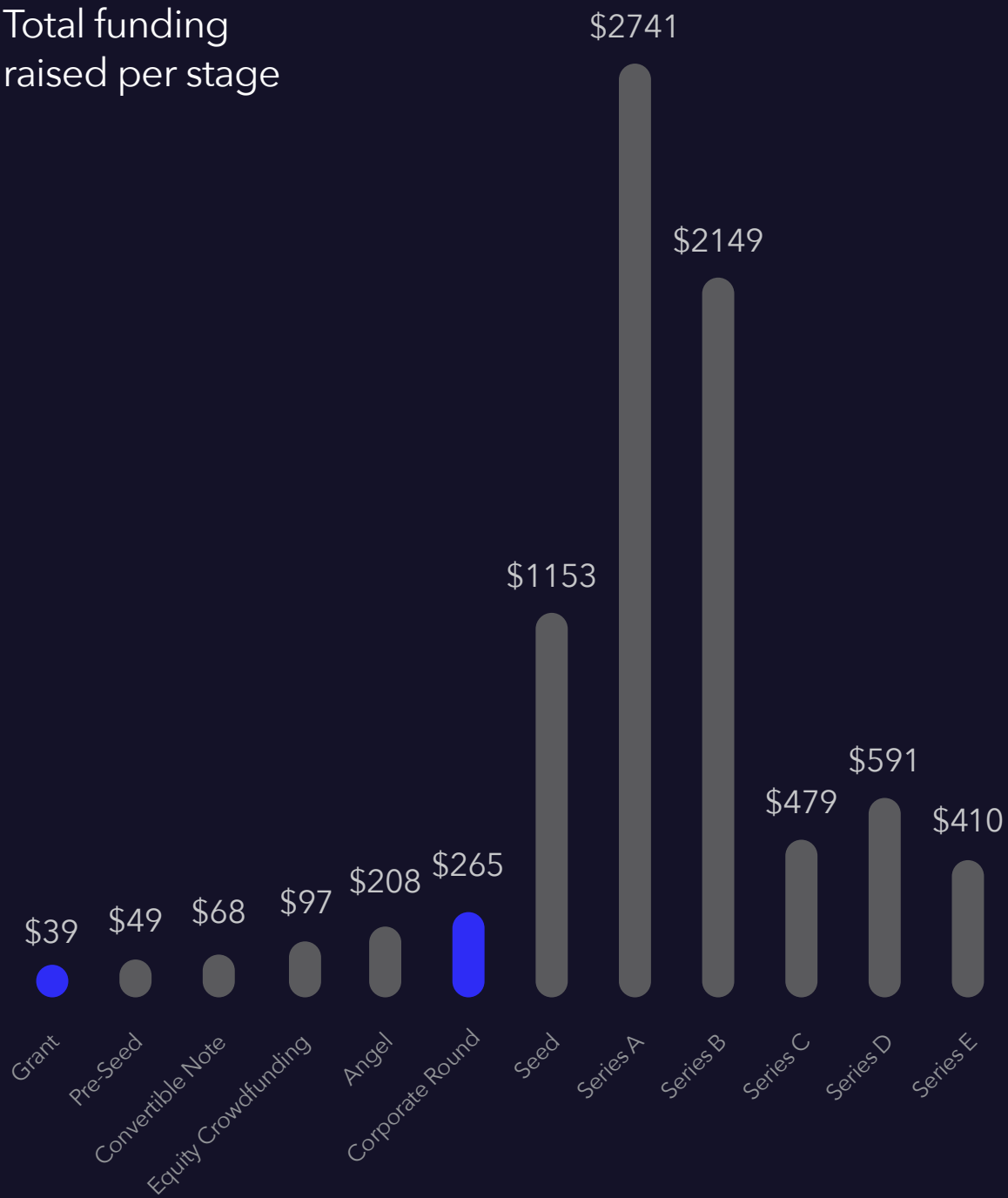


Source : Crunchbase

Series A is the ultimate chasm to cross

Series A constitutes of only 12.8% of all funding rounds

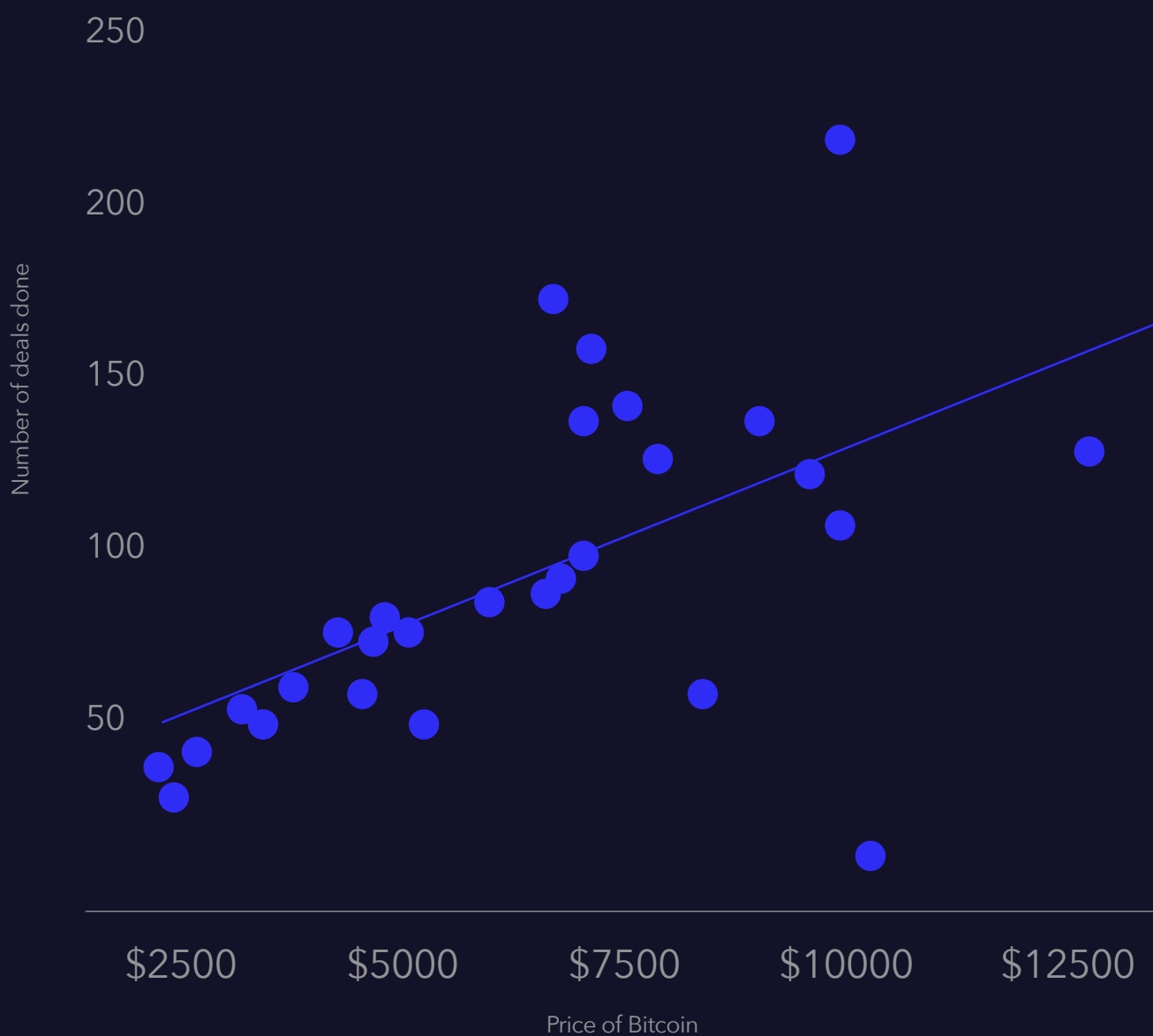
Total funding raised per stage



Source : Crunchbase

Deal frequency is still dependent on Bitcoin pricing

Token returns determine investor appetite for backing blockchain companies.



Source : Crunchbase, Investing.com

What's going on?

Too much capital at early stages

Firms that raise seed capital raise an average of \$1.18 million, a figure that is in sync with web 2.0 peers.

Chasing companies that are ill-prepared for follow on rounds

The mortality rate of blockchain companies are high due to challenges stemming from regulations, a lack of traction and access to investors that fund firms post series B

What's going on?

With misaligned incentives

The after effects of the ICO mania is becoming increasingly evident as startups struggle to optimally allocate capital raised or fine-tune themselves for growth.

Lack of market expertise

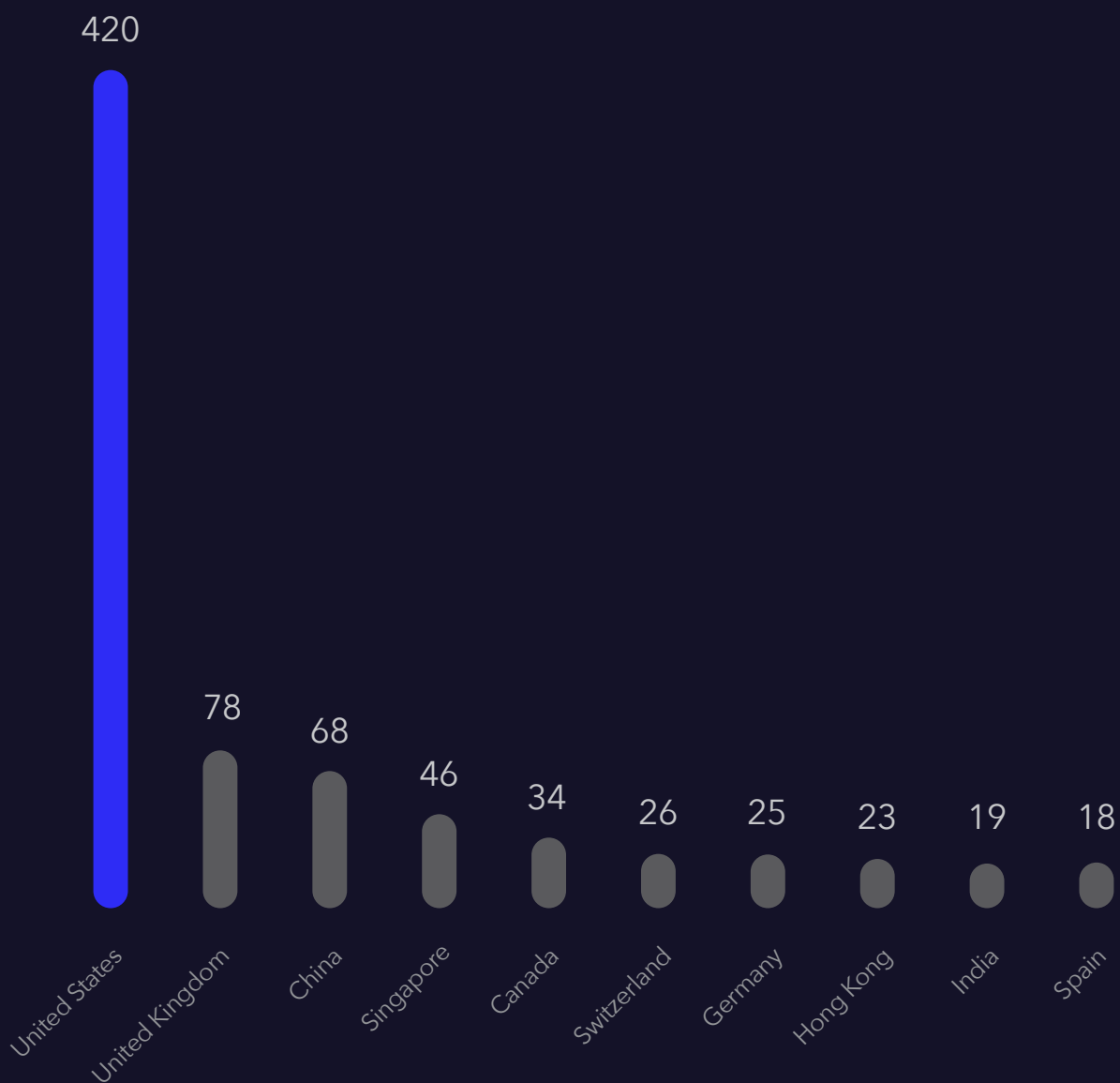
The high number of rounds at early stages mean institutional investors stick to investing increasingly on later stage firms with proven traction and product market fit.

This leaves teams with the potential to be unicorns at the mercy of a handful of early stage financiers who bring nothing more than a cheque to the table.

Where you are headquartered matters

The United States has more funded blockchain companies than the next 3 countries combined together.

Top 10 Countries

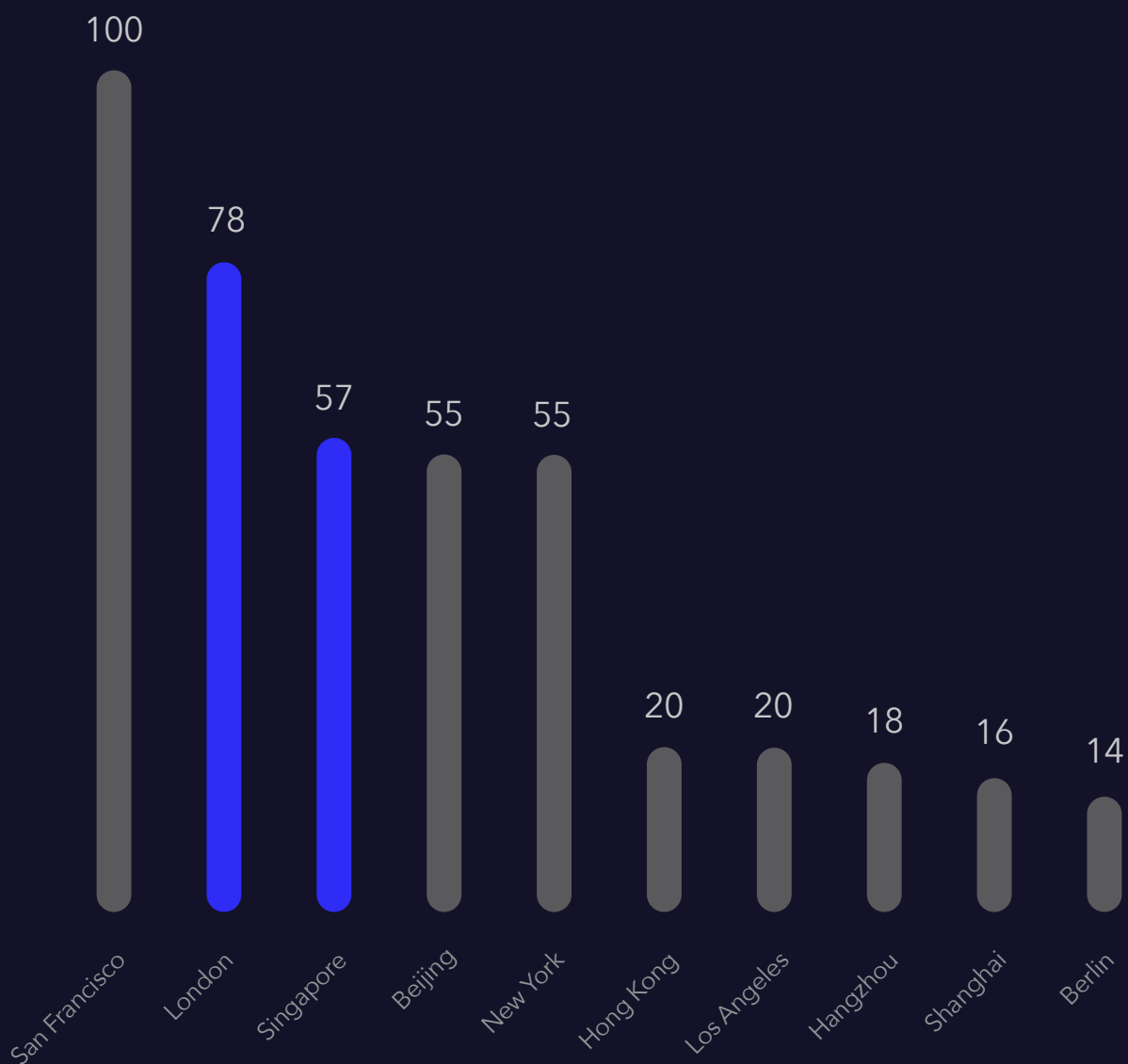


Note : Data specific to early stage financing for blockchain companies between 2017 and 2019.

But cities are beginning to change the trend

Sandboxes set up in London and Singapore make them attractive for startups in Europe and South-East Asia to raise from.

Top 10 Countries

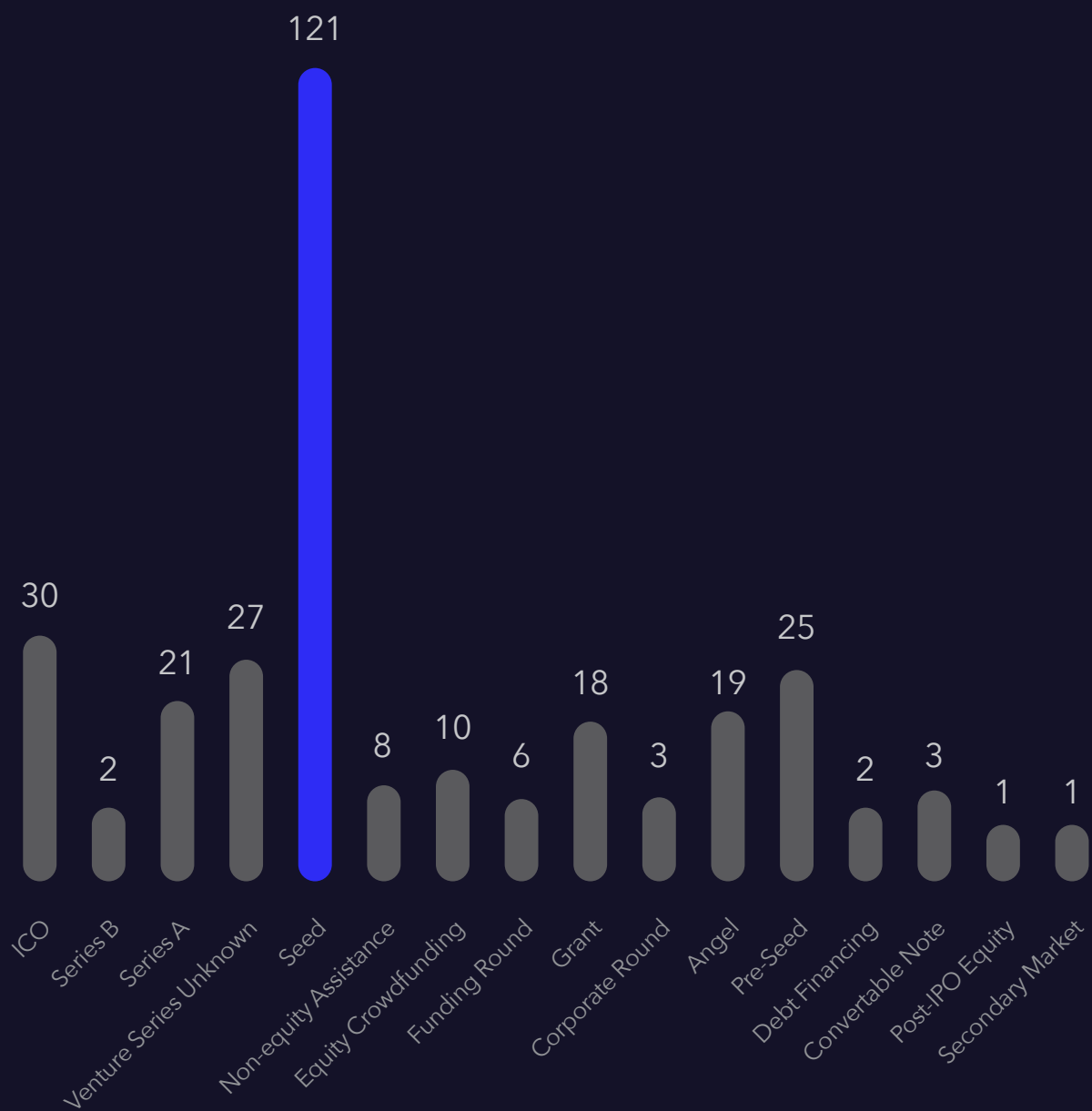


Note : Data specific to early stage financing for blockchain companies between 2017 and 2019. Source : Crunchbase

London emerging as a hub for seed raises

Roughly \$1 billion has been raised by companies here since 2013

Count of funding type
London



Note : Data specific to early stage financing for blockchain companies between 2017 and 2019. Source : Crunchbase



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