

carta

State of US Startups | 2023

All data aggregated from the 40,000+ companies on Carta | Data pulled on Dec 27th and may not cover full year

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Methodology

Carta helps more than 40,000 primarily venture-backed companies and 2,300,000 security holders manage over \$2.9 trillion in equity. This study uses an aggregated and anonymized sample of Carta customer data. Companies that have contractually requested that we not use their data in anonymized and aggregated studies are not included in this analysis.

The data presented in this private markets report represents a snapshot as of Oct 24, 2023. Historical data may change in future studies because there is typically an administrative lag between the time a transaction took place and when it is recorded in Carta. In addition, new companies signing up for Carta's services will increase historical data available for the report.

Financings

Financings include equity deals raised in USD by U.S.-based corporations. The financing "series" (e.g. Series A) is taken from the legal share class name. Financing rounds that don't follow this standard are not included in any data shown by series but are included in data not shown by series. Primary rounds are defined as the first equity round within a series. Bridge rounds are defined as any round raised after the first round in a given series. If there is no indication that a round is a primary or bridge round, both are included.

In some cases, convertible notes are raised and converted at various discounted prices within a series (e.g. Series A-1, Series A-2, Series A-3). In these cases, converted securities are not included in cash raised, and only the post-money valuation of the new money is included.

Terminations

Terminations entered into Carta must include a reason. Involuntary terminations include both terminations for performance and company layoffs. Voluntary terminations are employees who decided to leave of their own accord. Other termination reasons, including for cause, death, disability, and retirement were not included in the data and make up less than 1% of all terminations combined.

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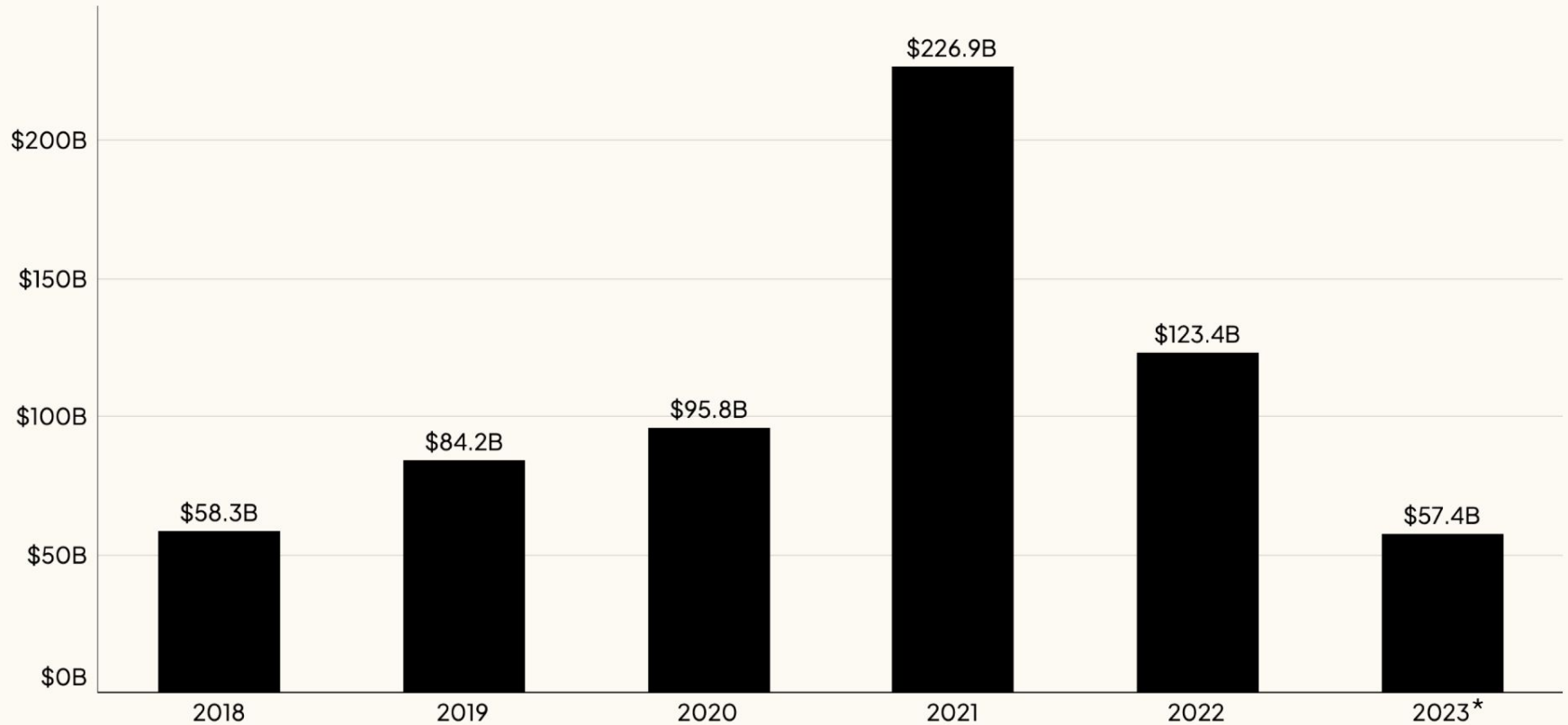
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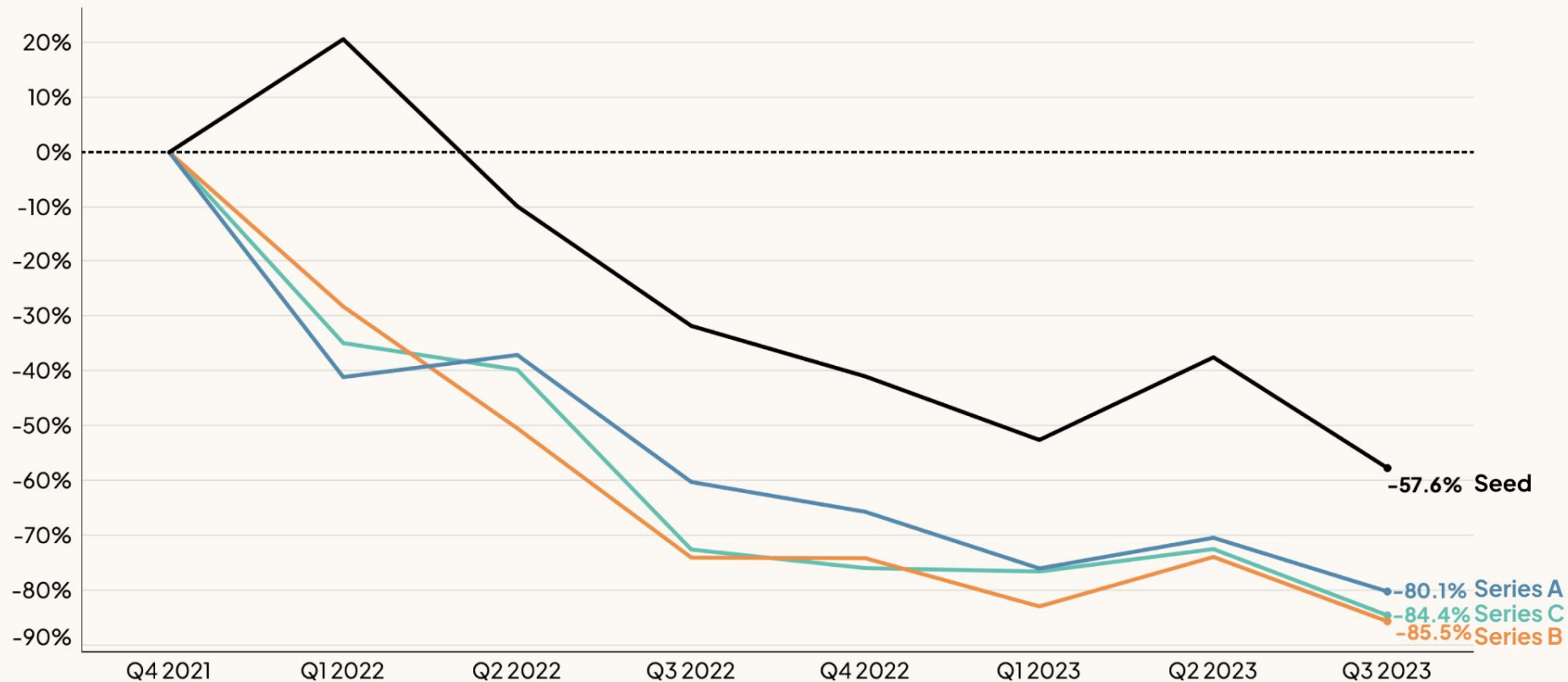
Capital raised by US startups fell sharply

Capital invested into US Carta startups by year | 2018–2023 | *2023 only through November and will rise somewhat



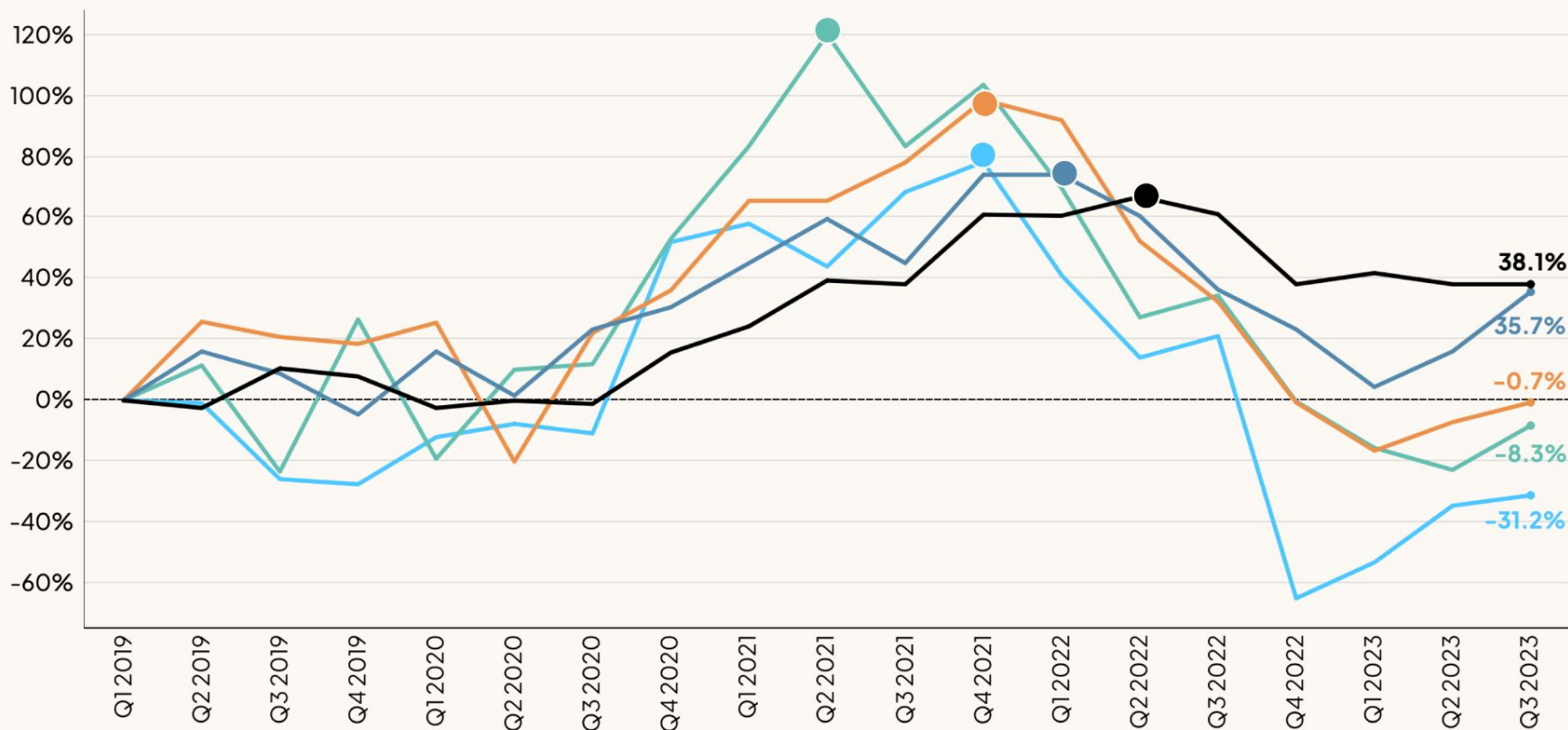
Down for all stages, but relatively better at Seed

Percent difference in capital raised by Carta cap table companies in primary rounds by stage vs Q4 2021



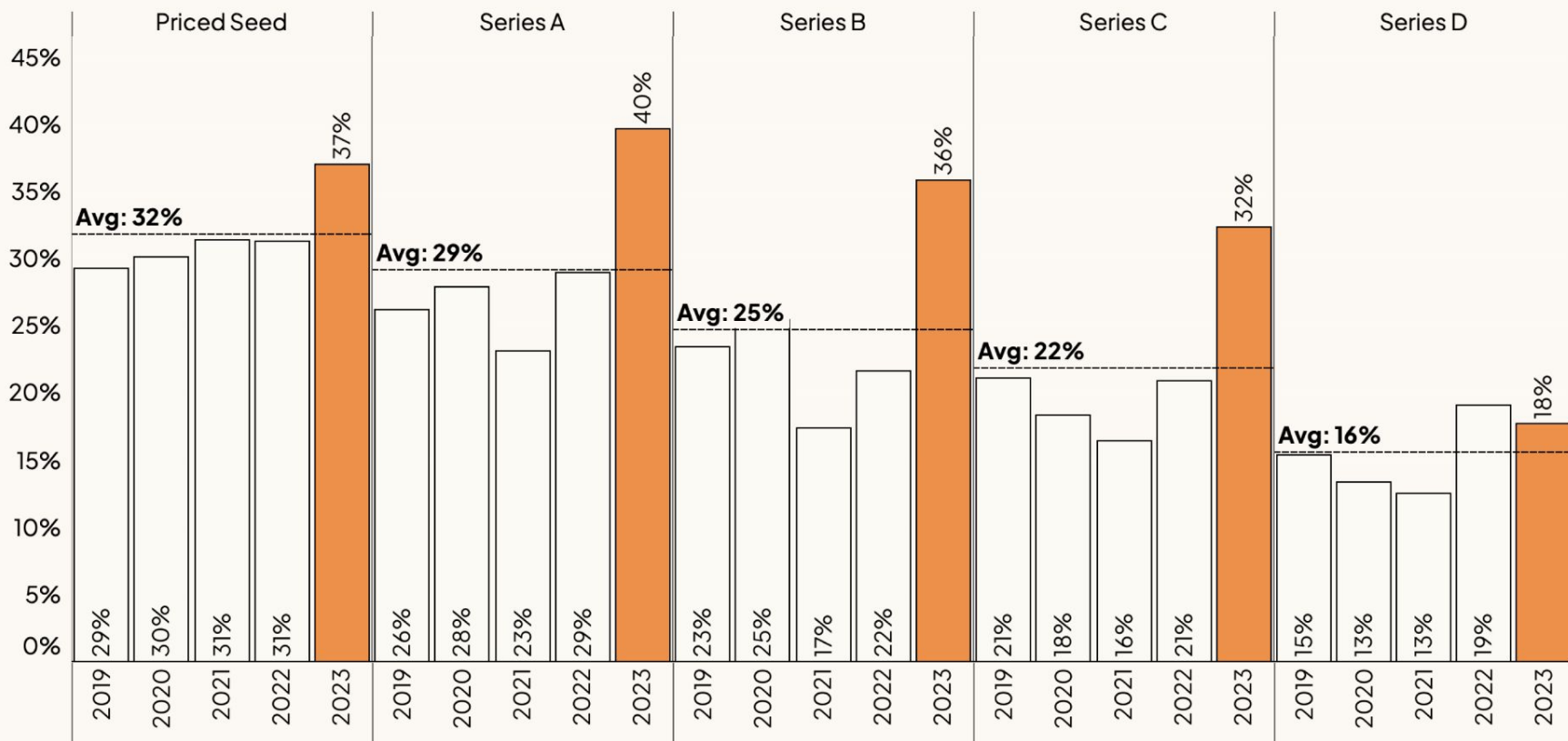
Early-stage round sizes down from 2021 but above 2019

Percent difference in median cash raised by stage vs Q1 2019 | Q1 2019–Q3 2023 | ● indicates peak



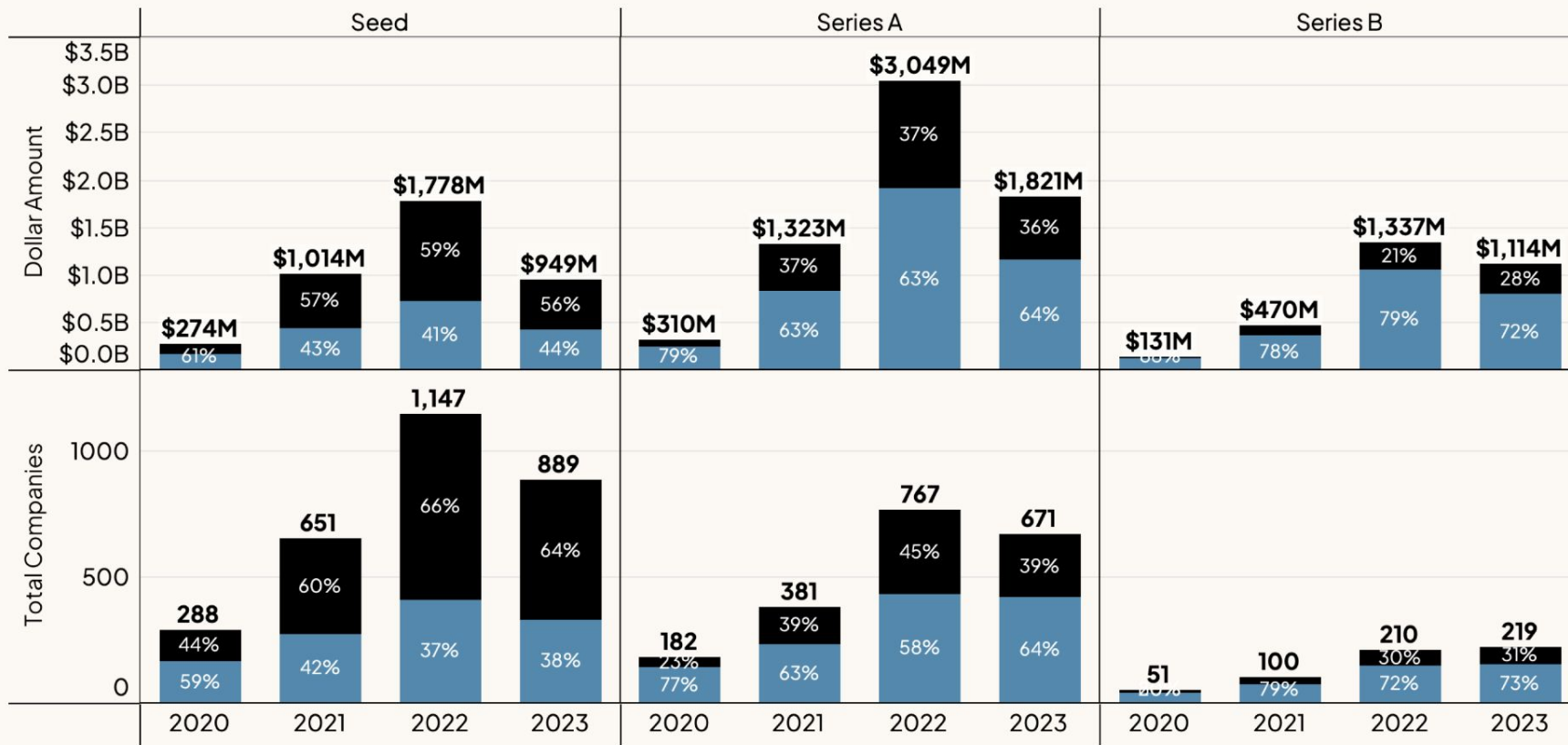
More time & attention on bridge rounds

Percent of rounds that were “bridge rounds” by quarter and stage | 2020–Nov 2023



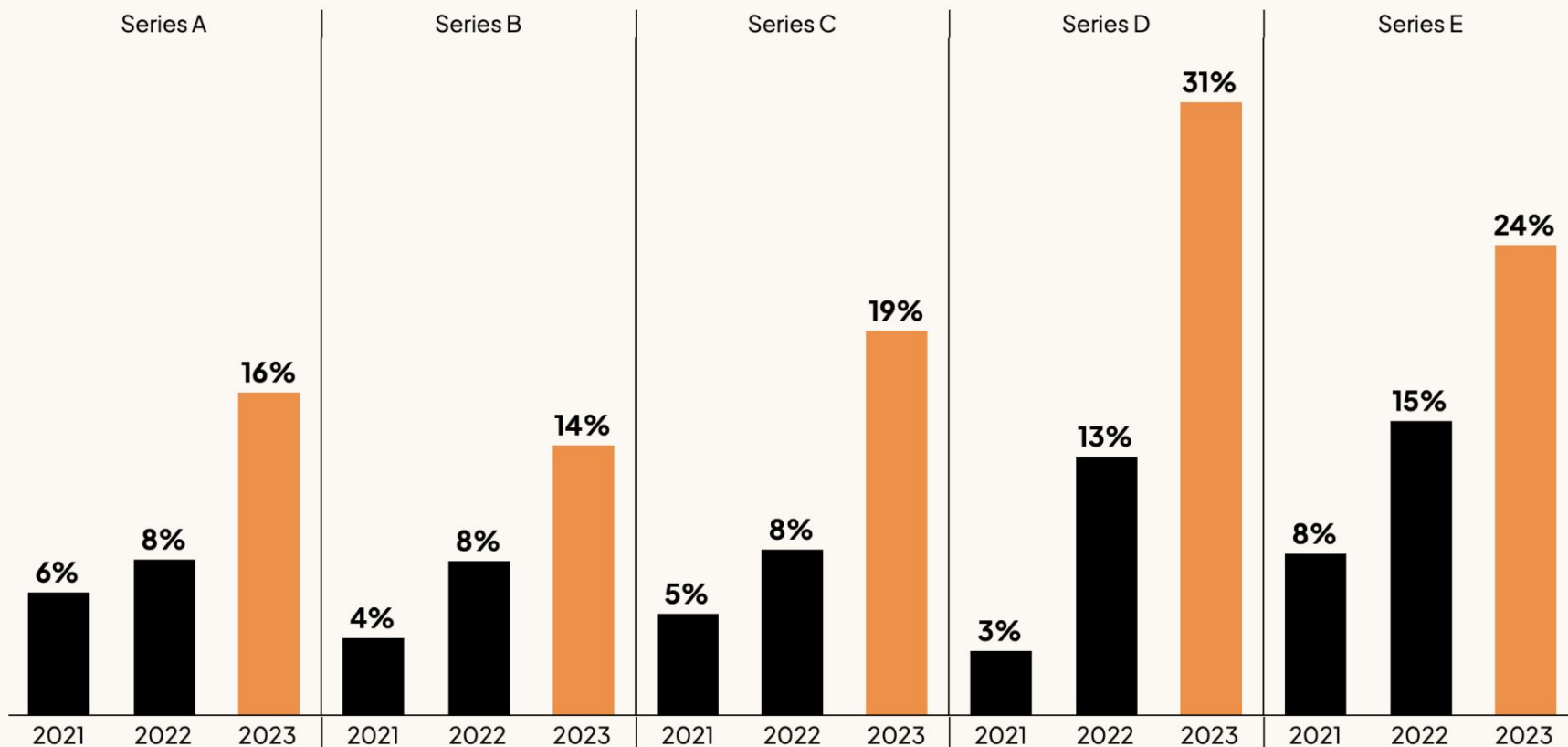
Companies turn to convertible financing between rounds

Number of companies and total capital raised by year, stage, and convertible type | [SAFEs](#) | [Convertible Notes](#)



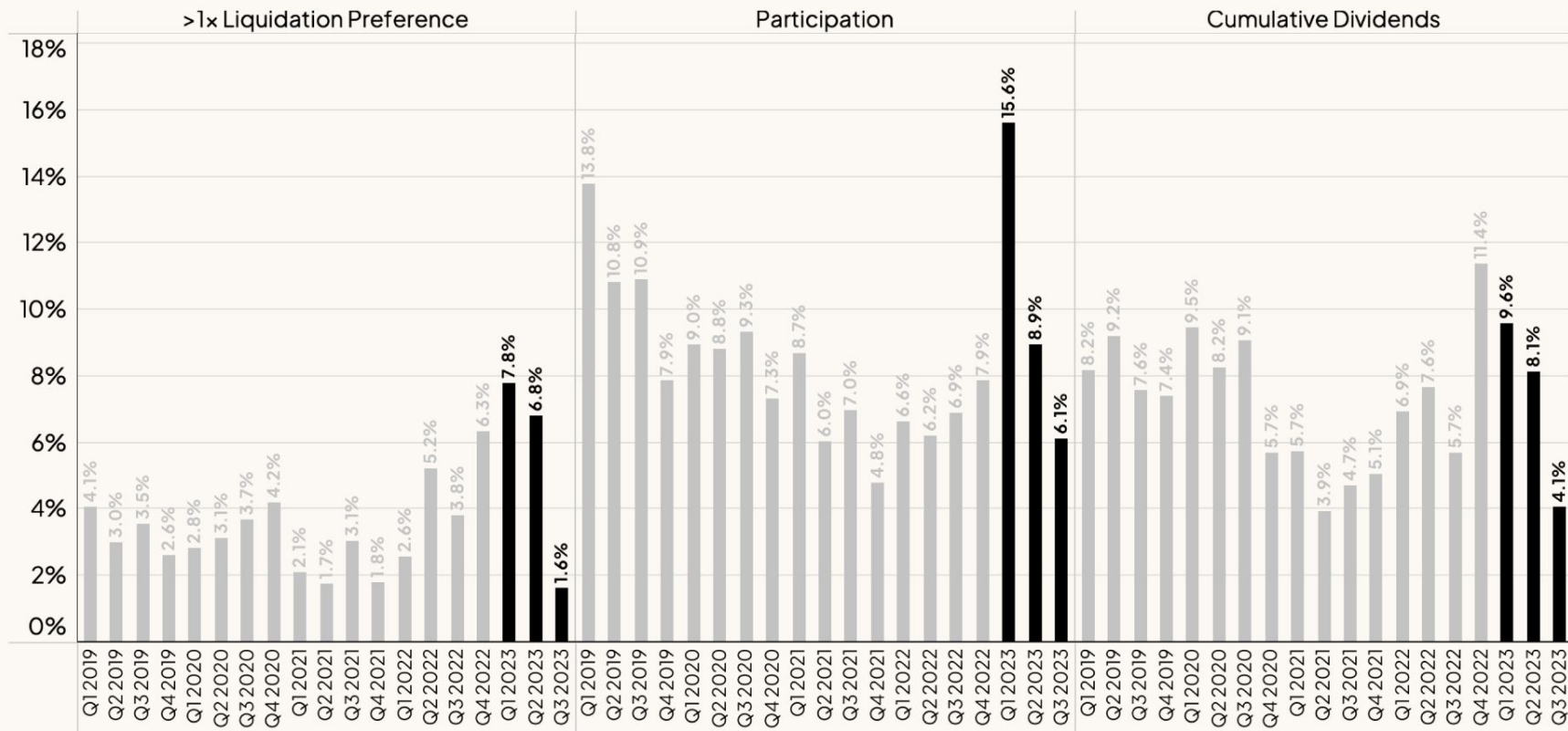
Down rounds on the rise

Percent of rounds that were “down rounds” by year and stage | 2021–Nov 2023



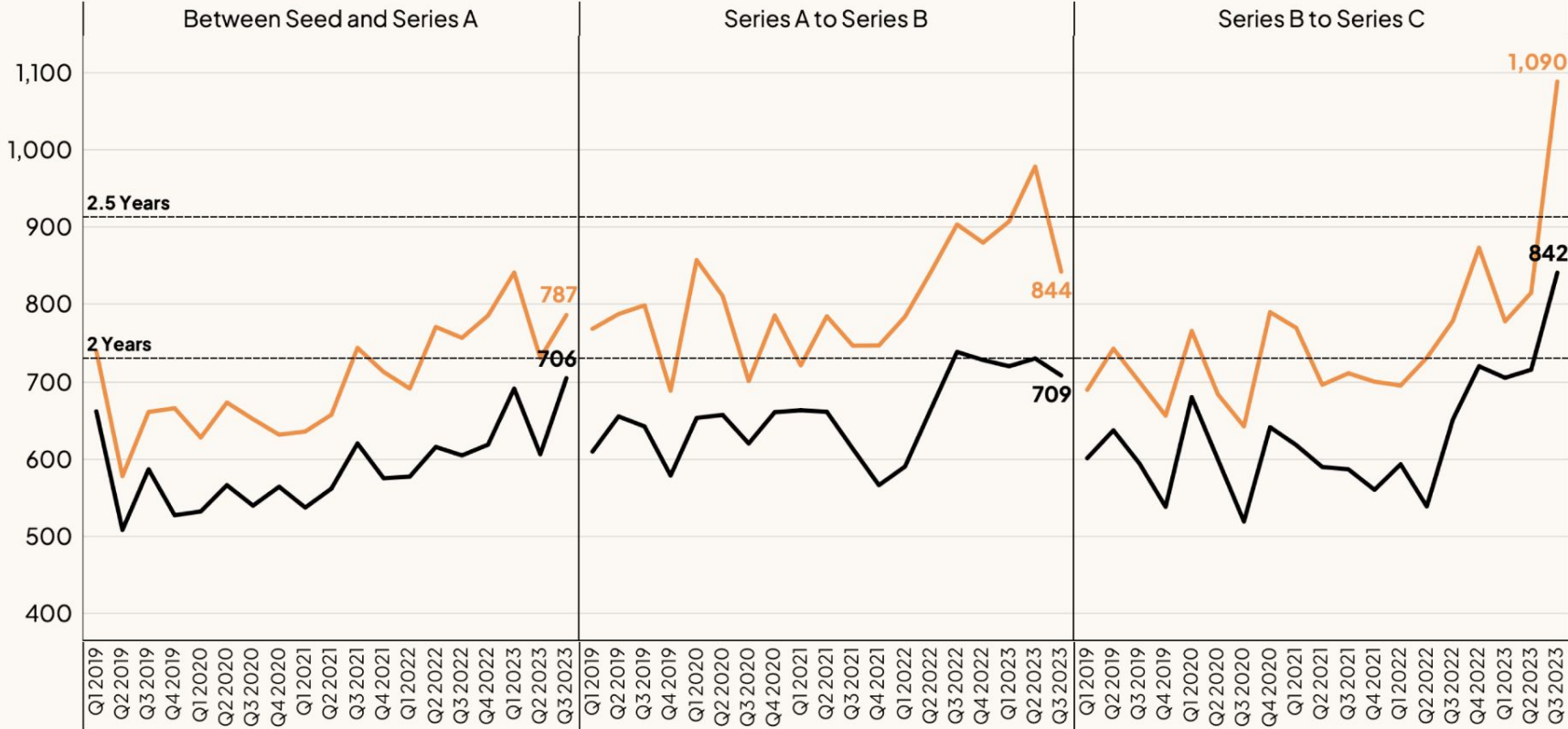
High liquidation preferences and participation returned

Percent of deals with a given term included | Q1 2019–Q3 2023 | **Quarters in 2023**



Time between rounds shot upwards for growth stage

Time between rounds in days | Q1 2019–Q3 2023 | Median | Mean

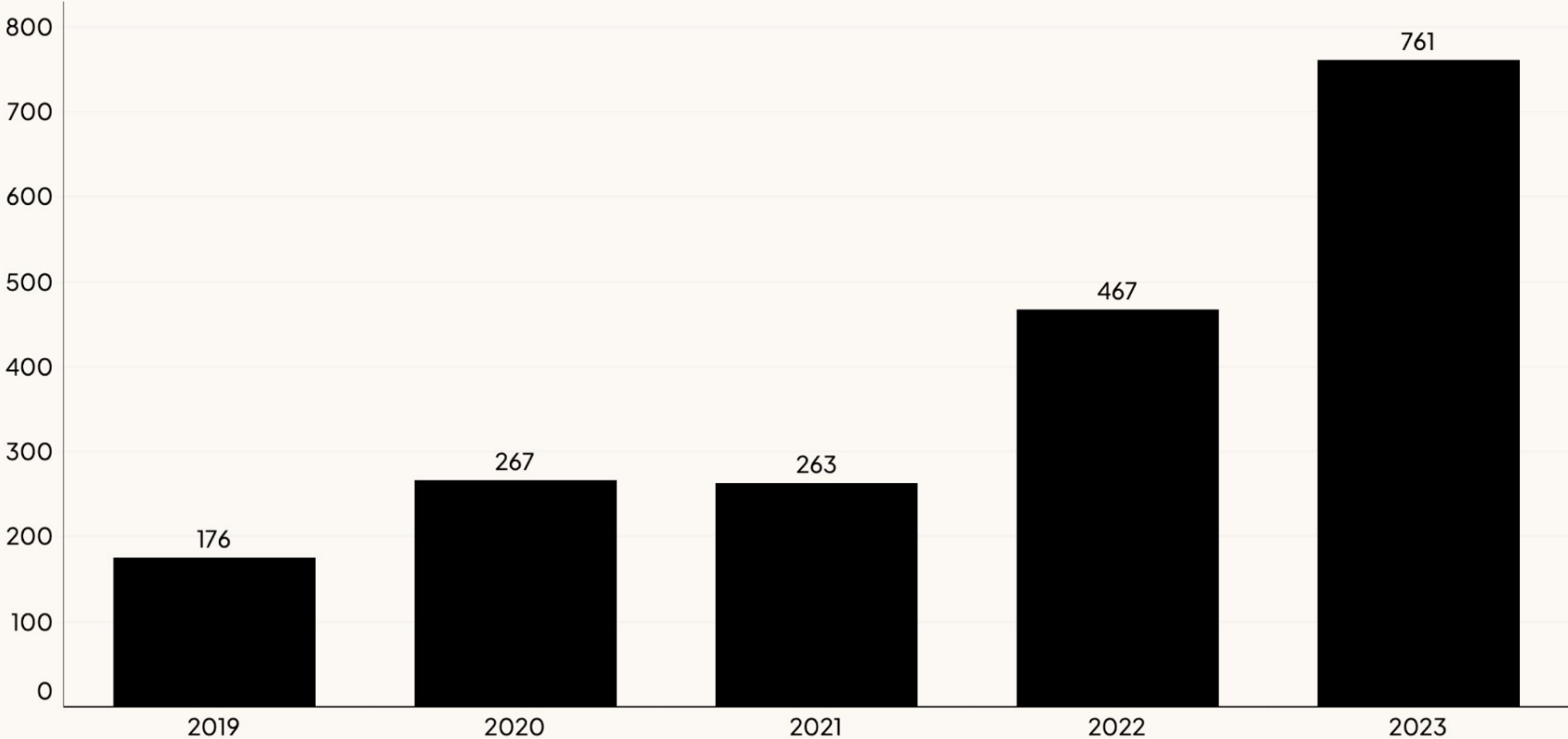


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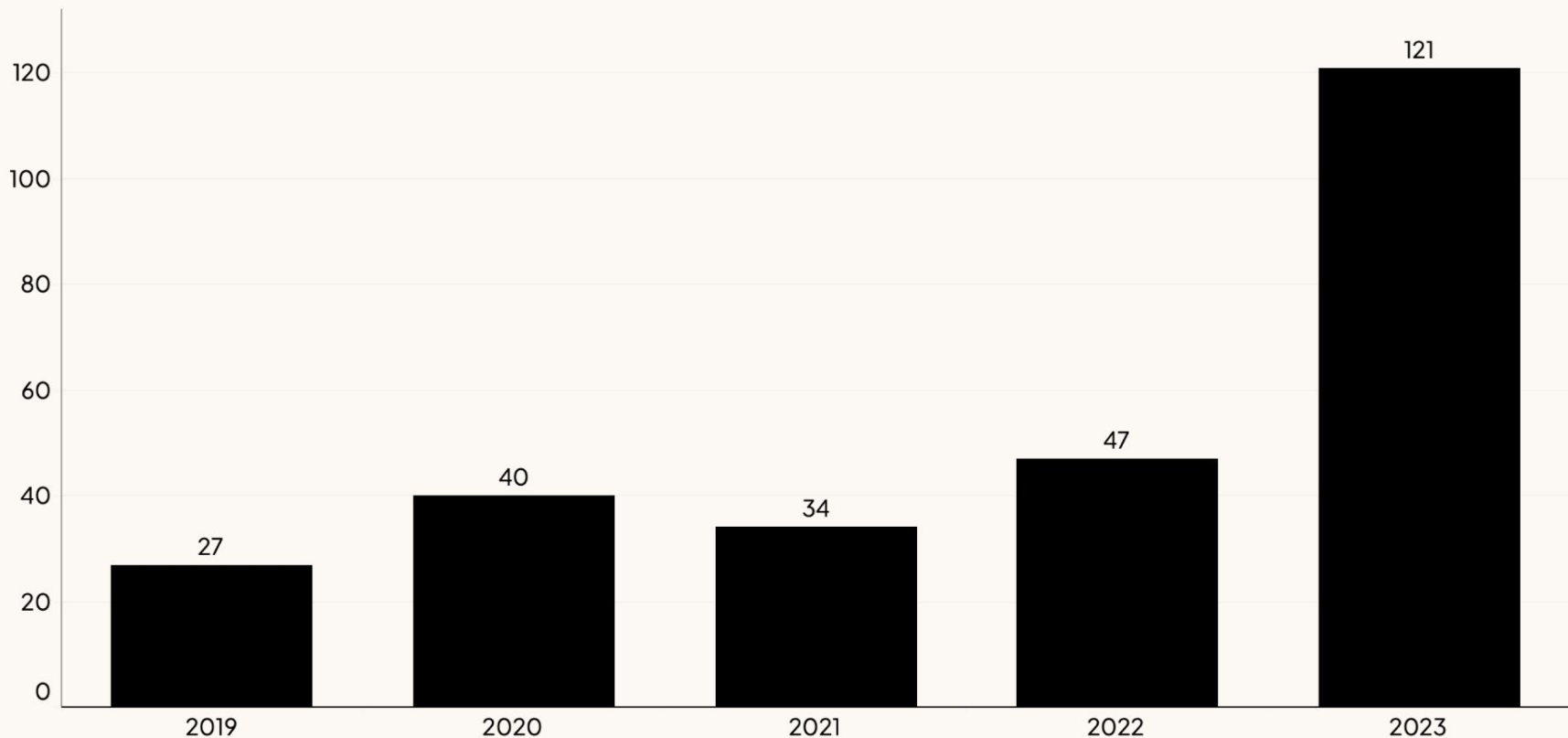
The wave of startup shutdowns continued

Number of startups using Carta cap table that went bankrupt by year | 2019–Nov 2023



Startups with \$10M+ raised were not immune

Number of startups using Carta cap table that raised at least \$10 million that went bankrupt by year | 2019–Nov 2023



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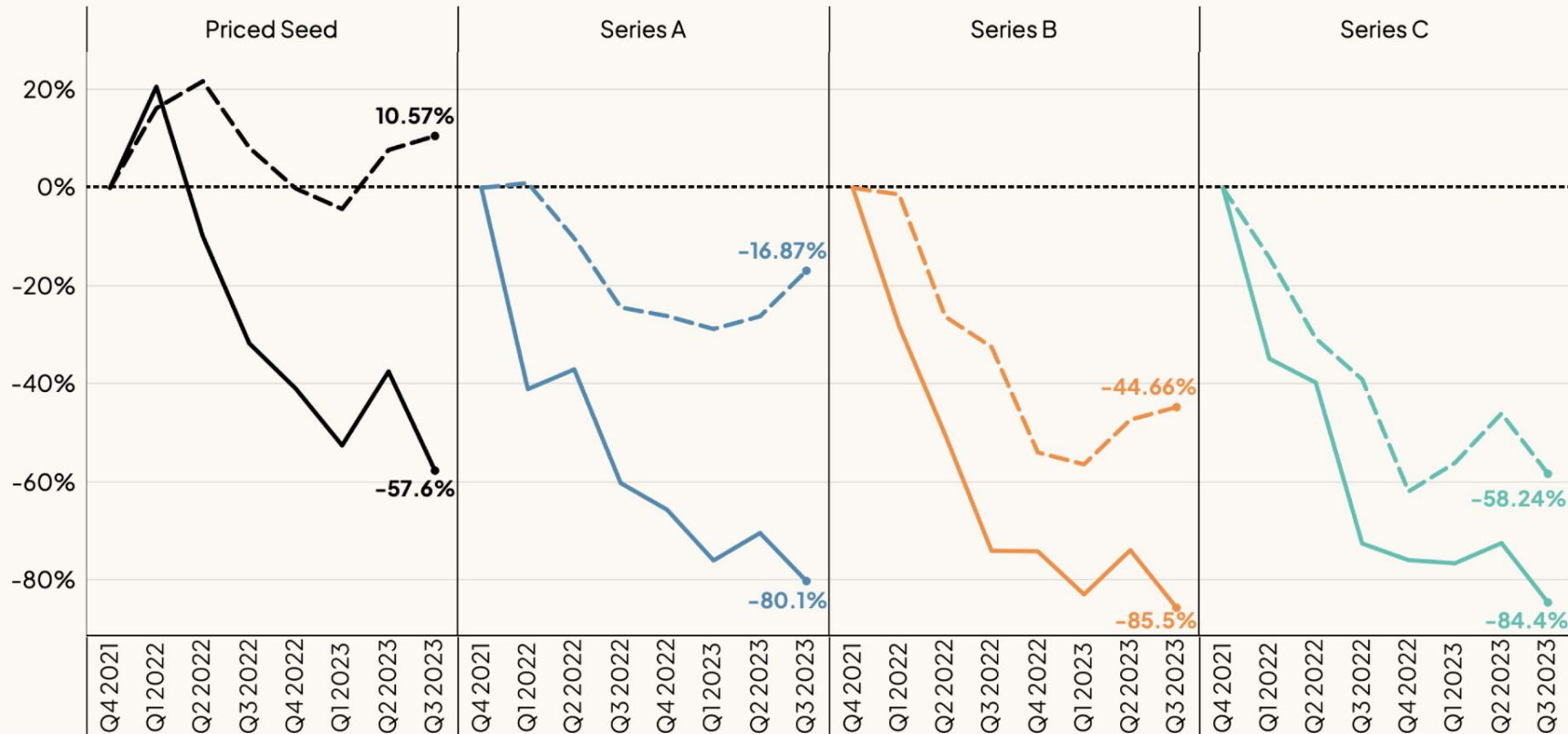
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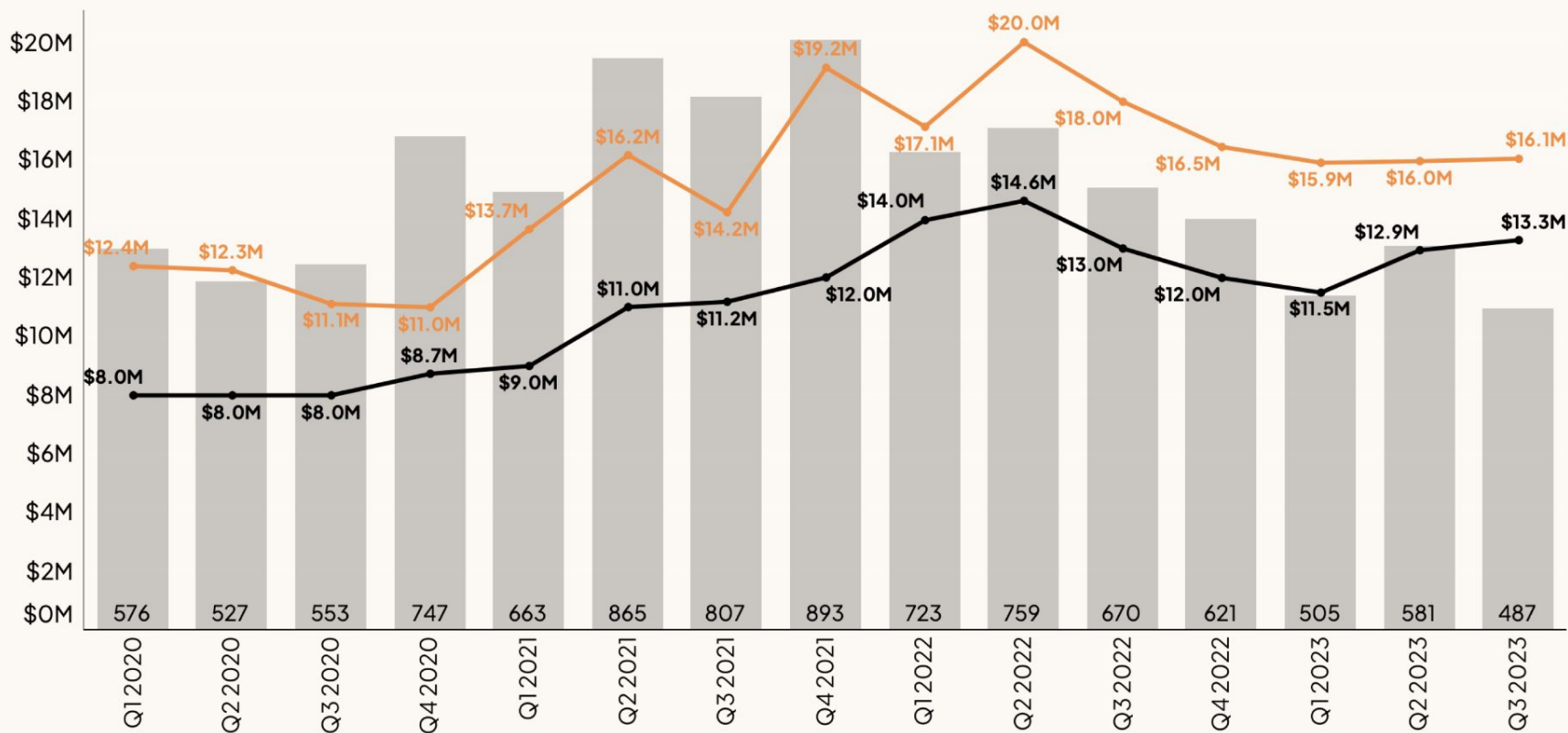
Valuations have not fallen alongside investment activity

Percent difference in capital raised and median pre-money valuations by stage vs Q4 2021



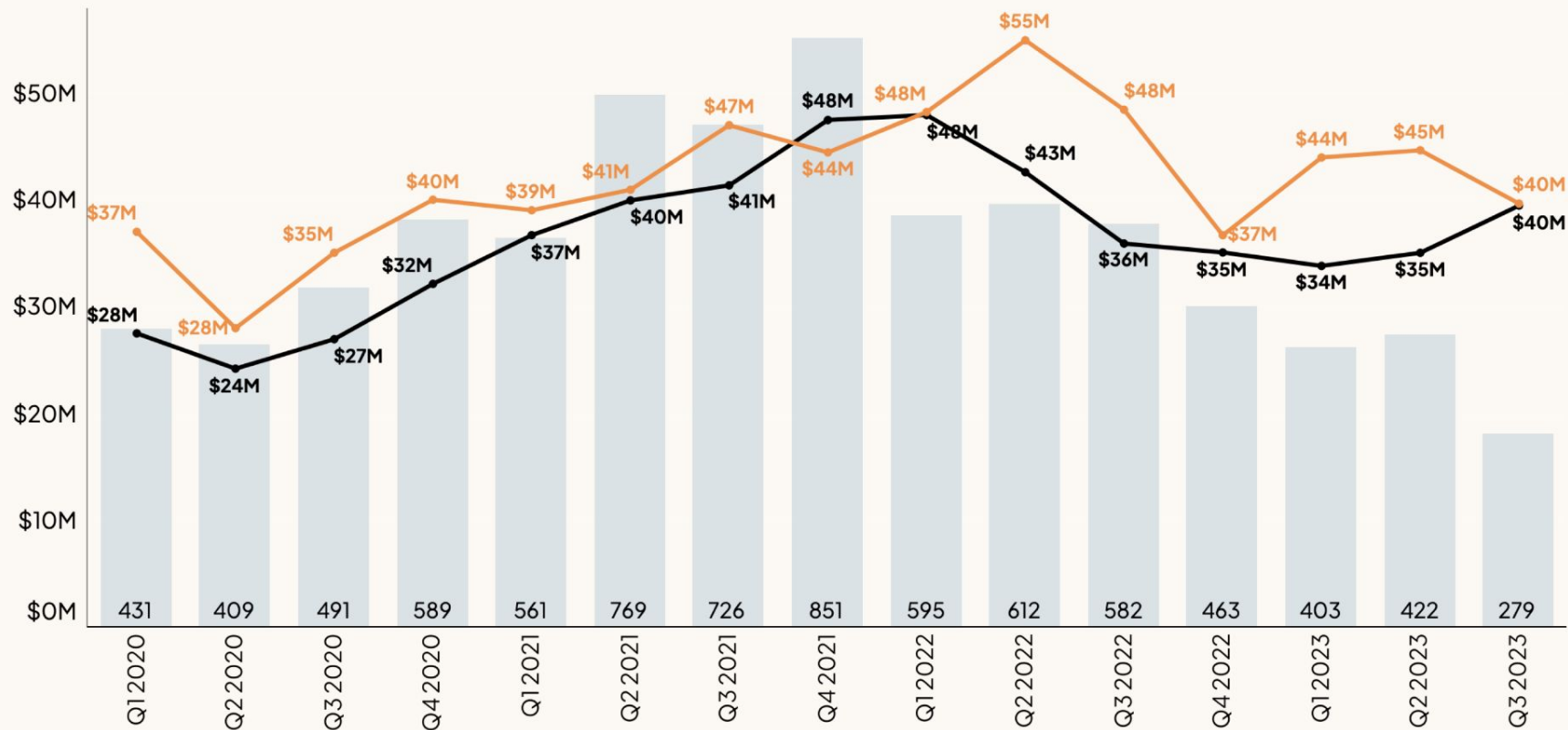
Seed round valuations through Q3

Primary and **bridge** seed round median pre-money valuations + **total rounds** | Q1 2020–Q3 2023



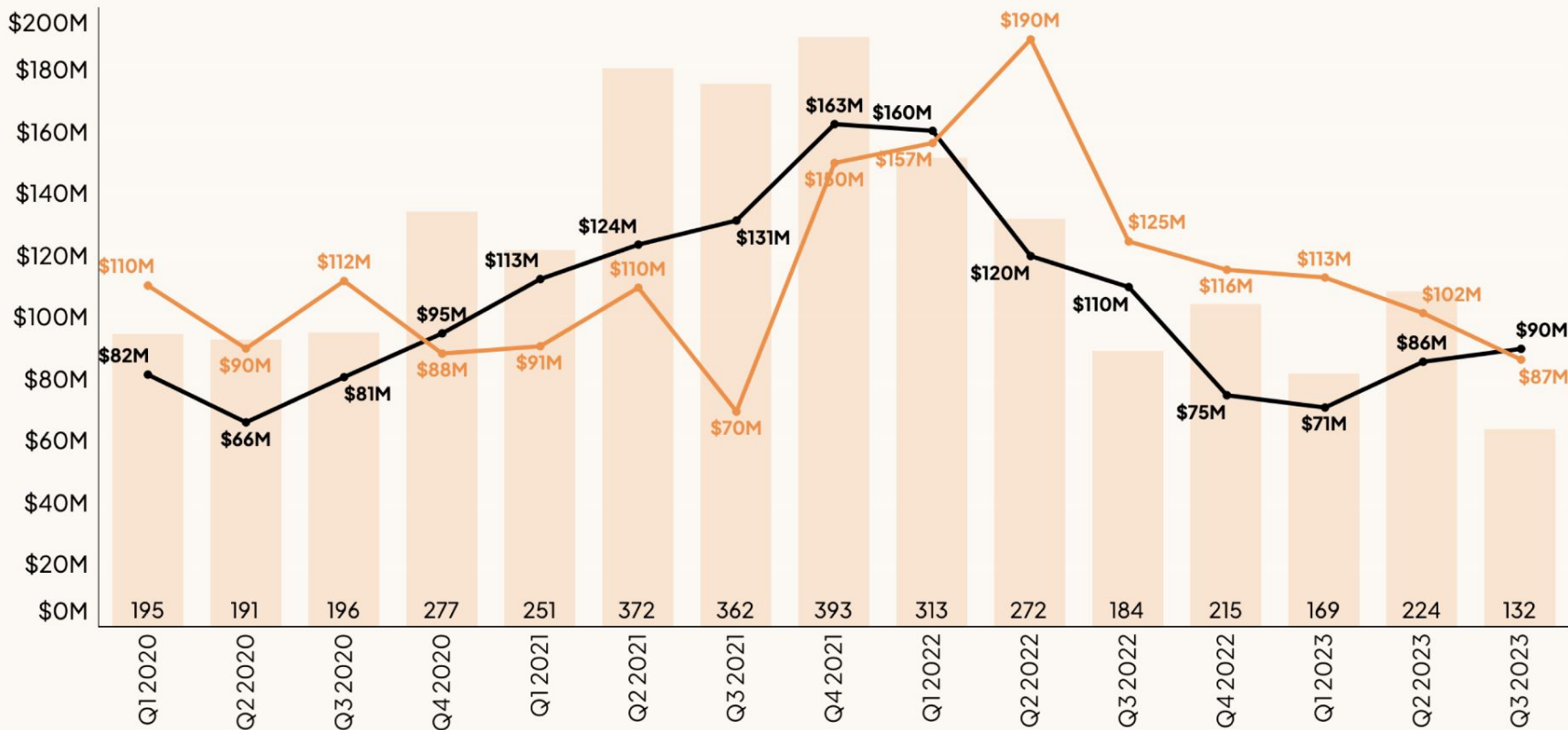
Series A round valuations through Q3

Primary and bridge Series A round median pre-money valuations + total rounds | Q1 2020–Q3 2023



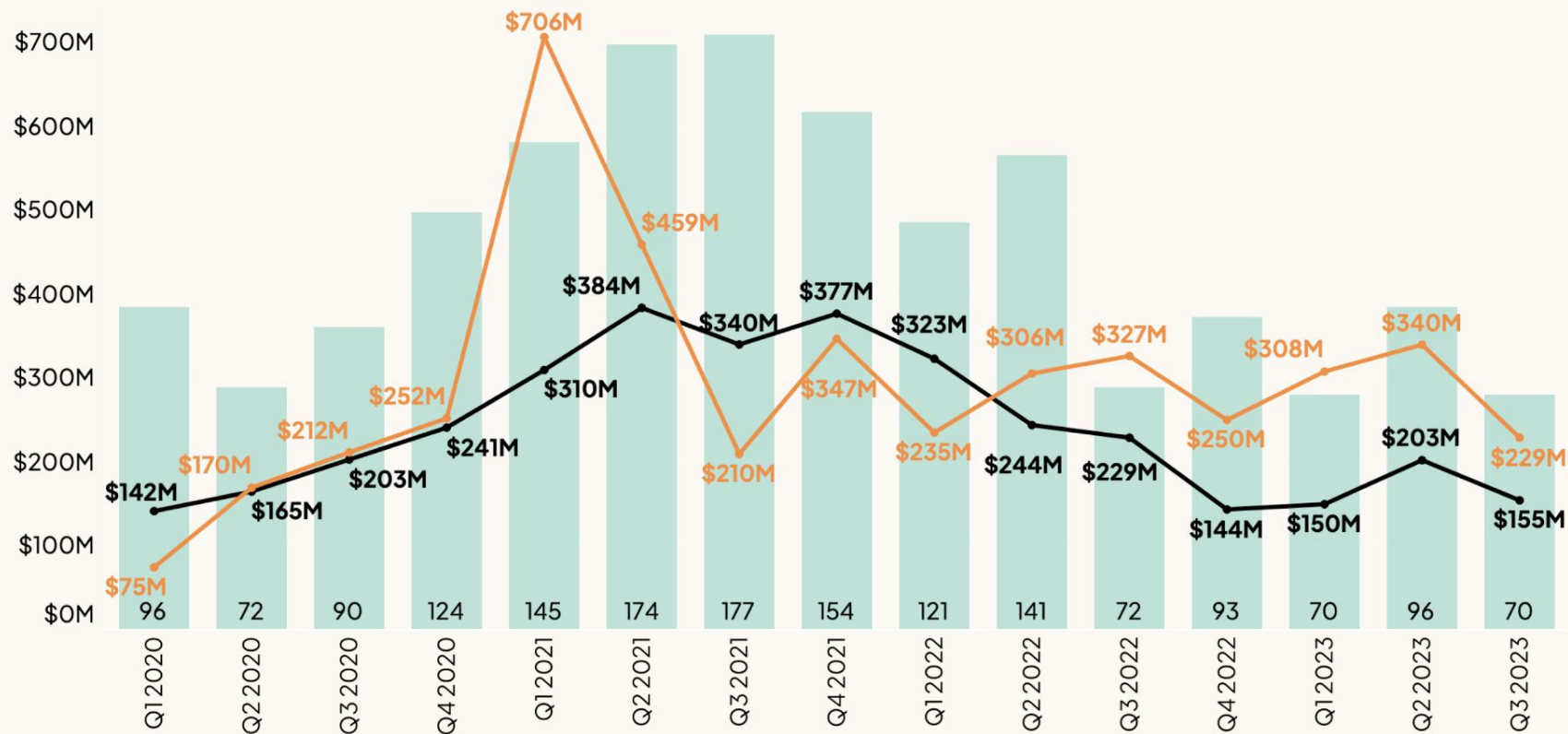
Series B round valuations through Q3

Primary and **bridge** Series B round median pre-money valuations + **total rounds** | Q1 2020–Q3 2023



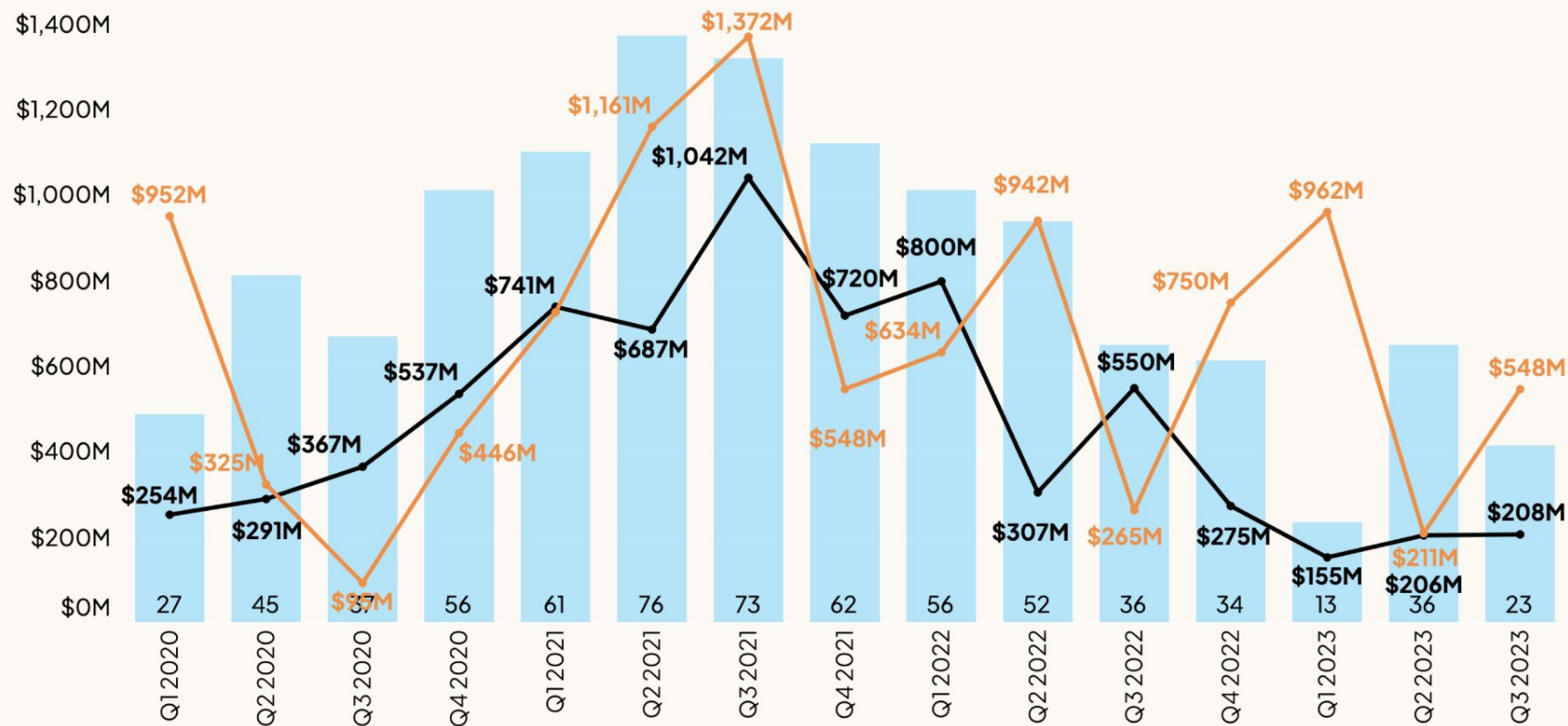
Series C round valuations through Q3

Primary and **bridge** Series C round median pre-money valuations + **total rounds** | Q1 2020–Q3 2023



Series D round valuations through Q3

Primary and **bridge** Series D round median pre-money valuations + **total rounds** | Q1 2020–Q3 2023



20% sold in Seed and Series A is still a good rule of thumb

Percent sold in a given venture round, median and distribution | Q1 2023–Q3 2023

Stage	Median	Distribution of rounds by percent sold						
		Under 5%	5–9.9%	10–14.9%	15–19.9%	20–24.9%	25–29.9%	30%+
Priced Seed	20.6%	5%	8%	13%	19%	27%	14%	13%
Series A	20.2%	6%	8%	15%	18%	21%	15%	16%
Series B	17.2%	11%	13%	17%	20%	17%	11%	12%
Series C	13.1%	15%	23%	24%	13%	11%	3%	10%
Series D	12.0%	15%	26%	22%	14%	5%	8%	10%

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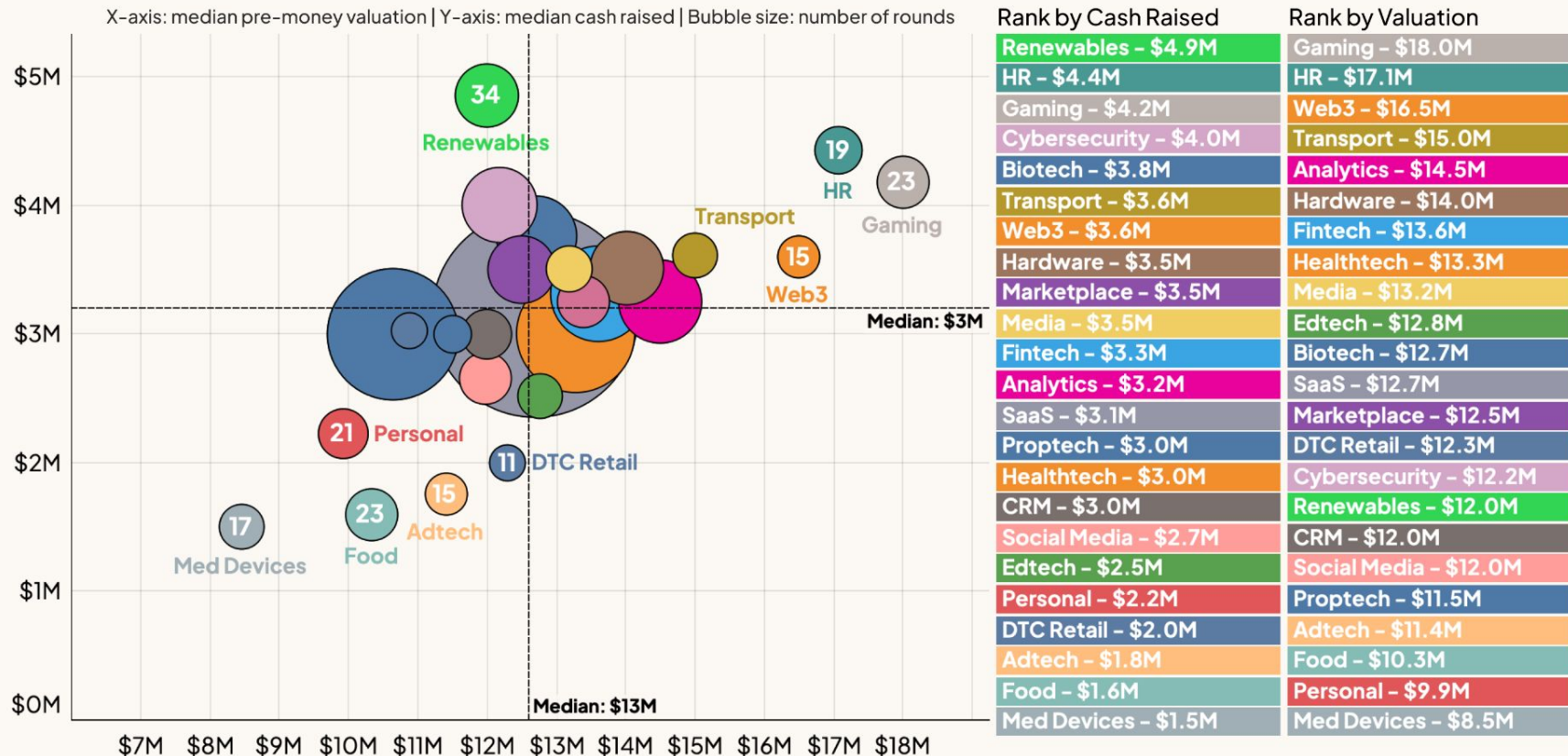
AI startups raised more cash and were valued more highly

Median cash raised and median pre-money valuations by company type | Jan–Nov 2023



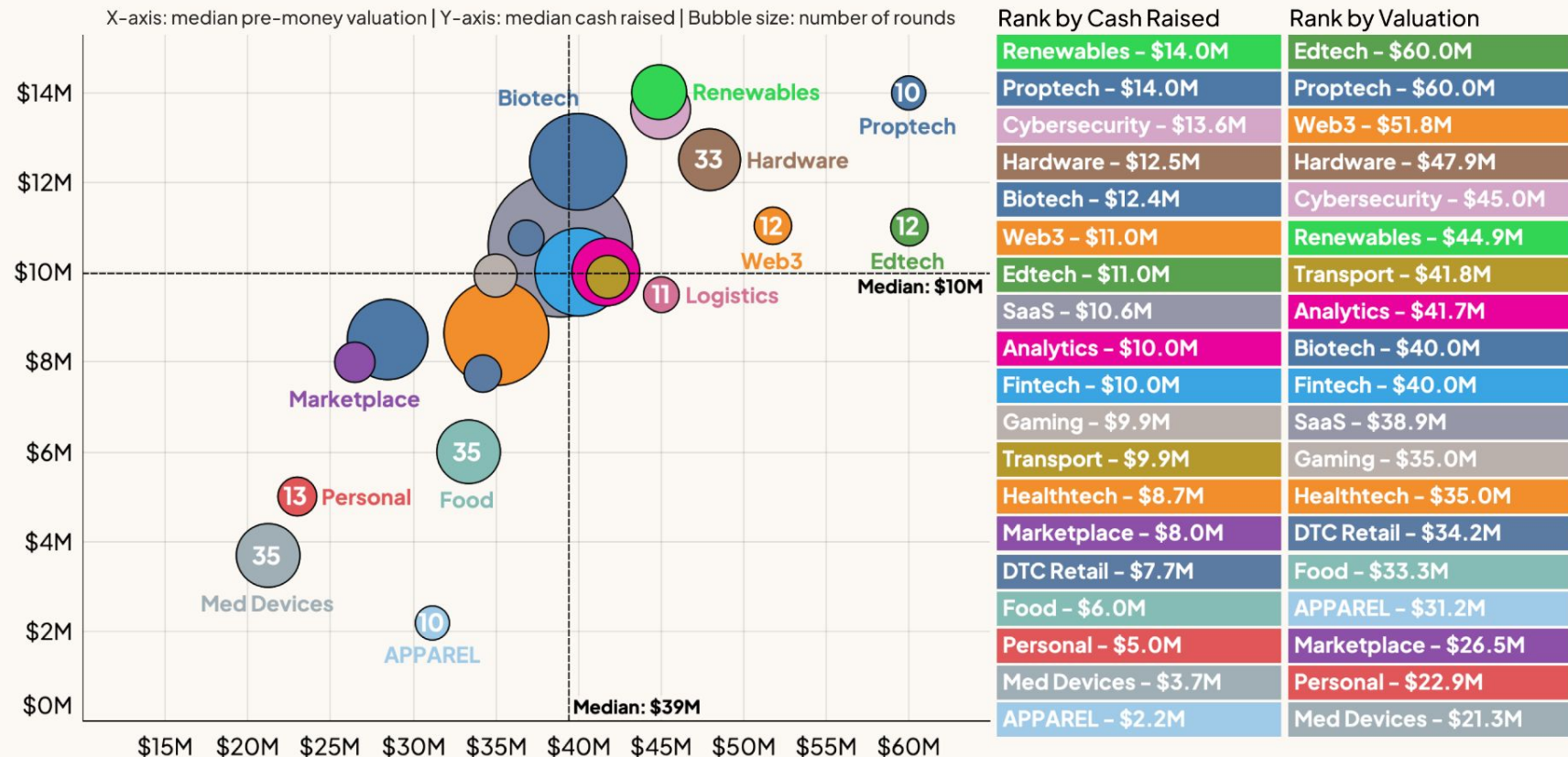
Priced Seed rounds clustered around \$13M in valuation

Median pre-money valuation, median cash raised, and total rounds by industry for priced seed rounds on Carta in 2023



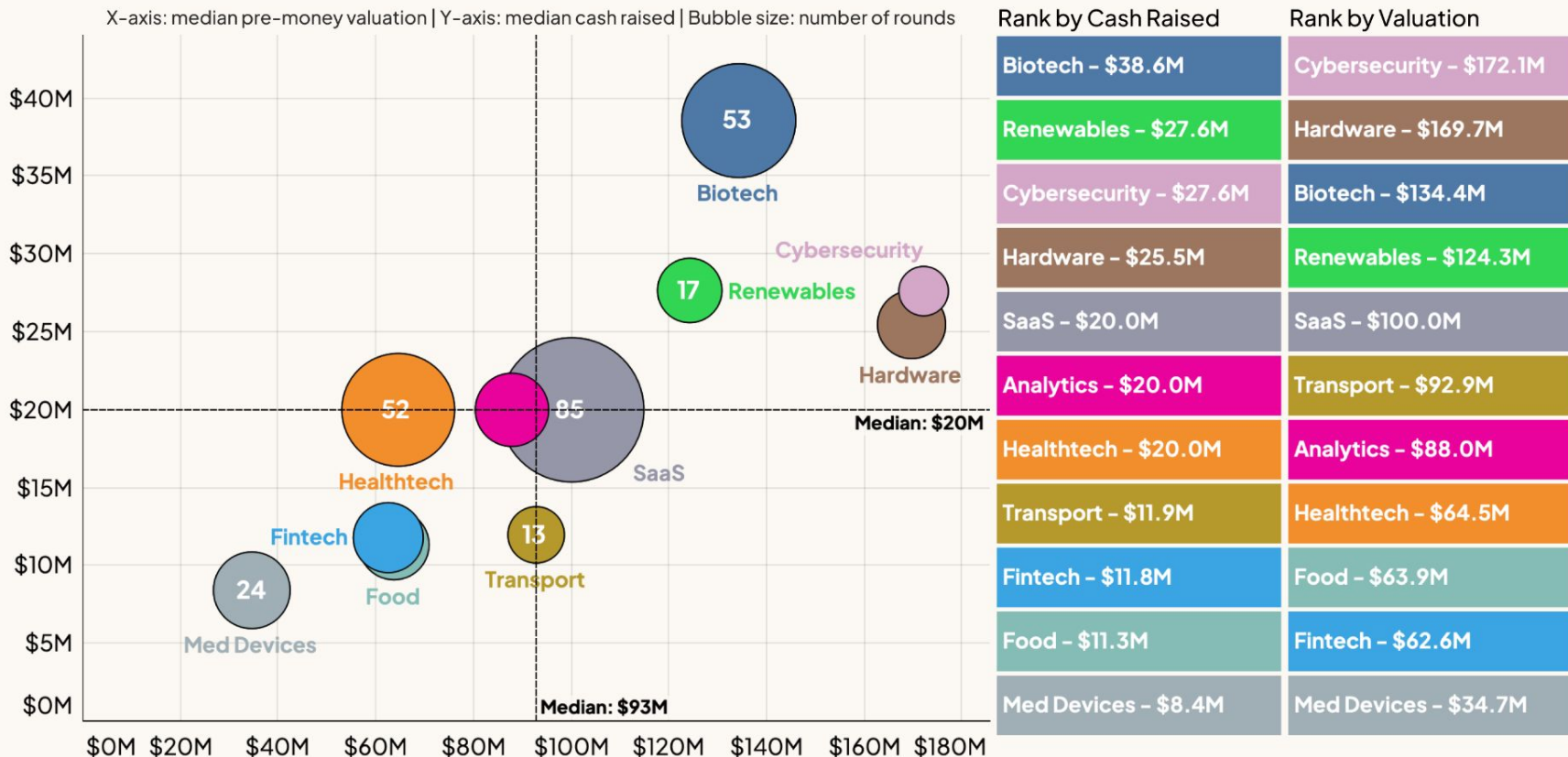
Series A rounds were more widely distributed

Median pre-money valuation, median cash raised, and total rounds by industry for Series A rounds on Carta in 2023



Only a few industries had 10+ primary Series B rounds

Median pre-money valuation, median cash raised, and total rounds by industry for Series B rounds on Carta in 2023



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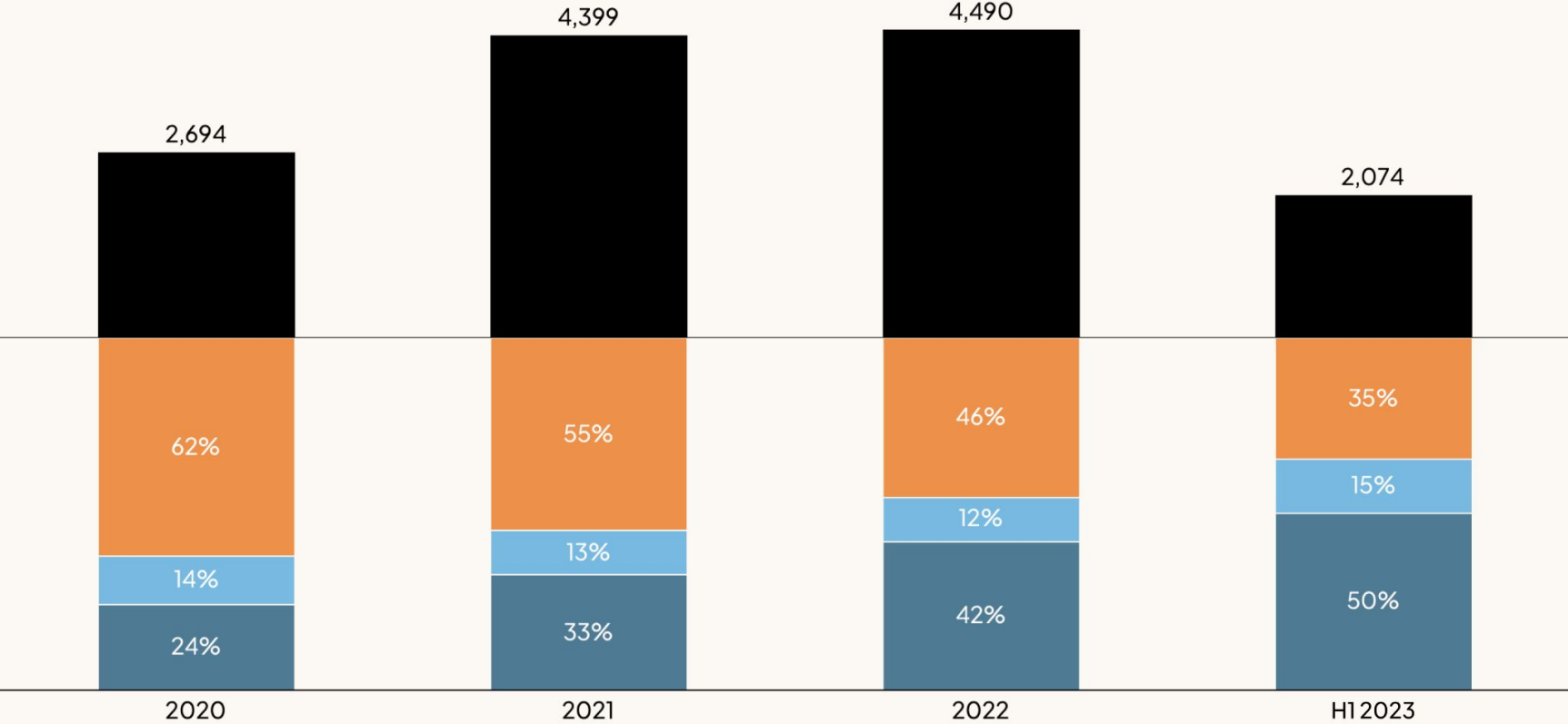
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Seed fundraising has shifted towards SAFEs

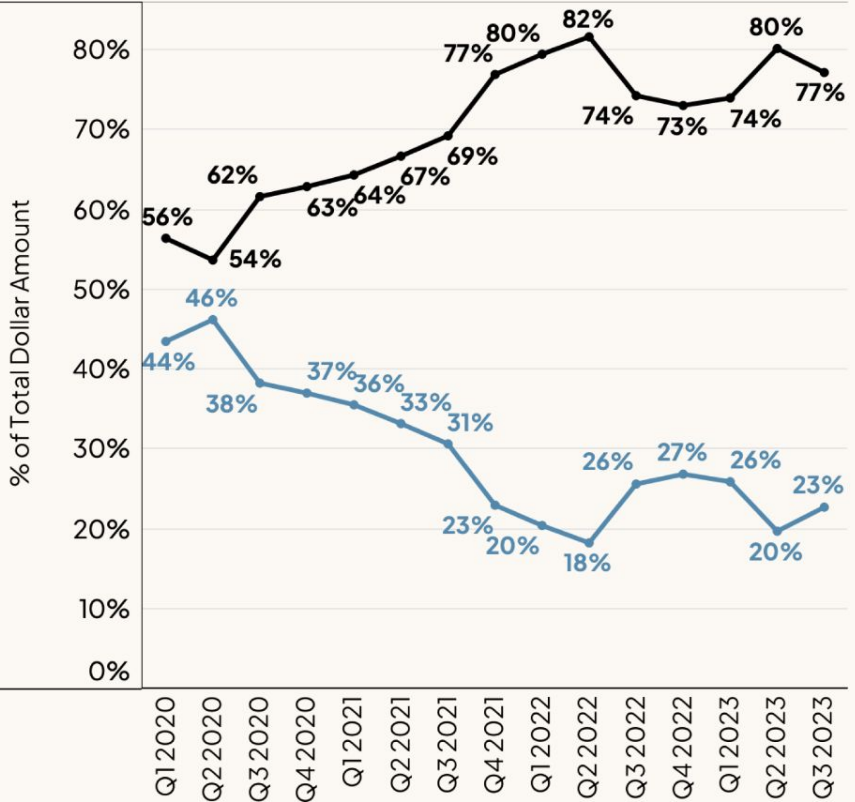
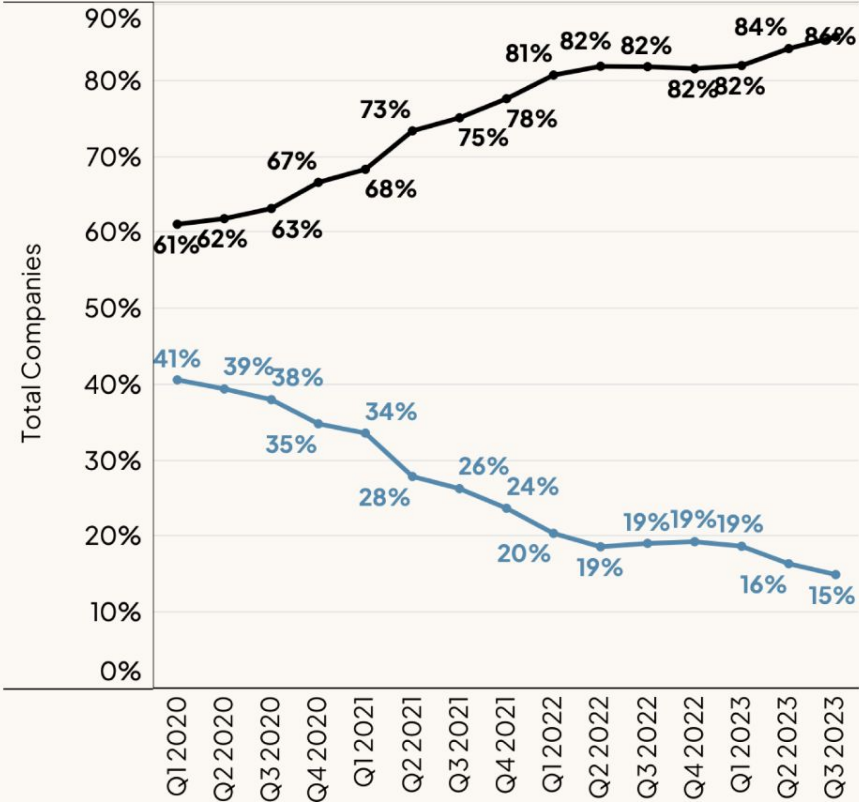
Total number of rounds where at least \$1M was raised by type and year. Priced rounds only included if they were the first priced round.

Priced Equity | Convertible Notes | SAFEs



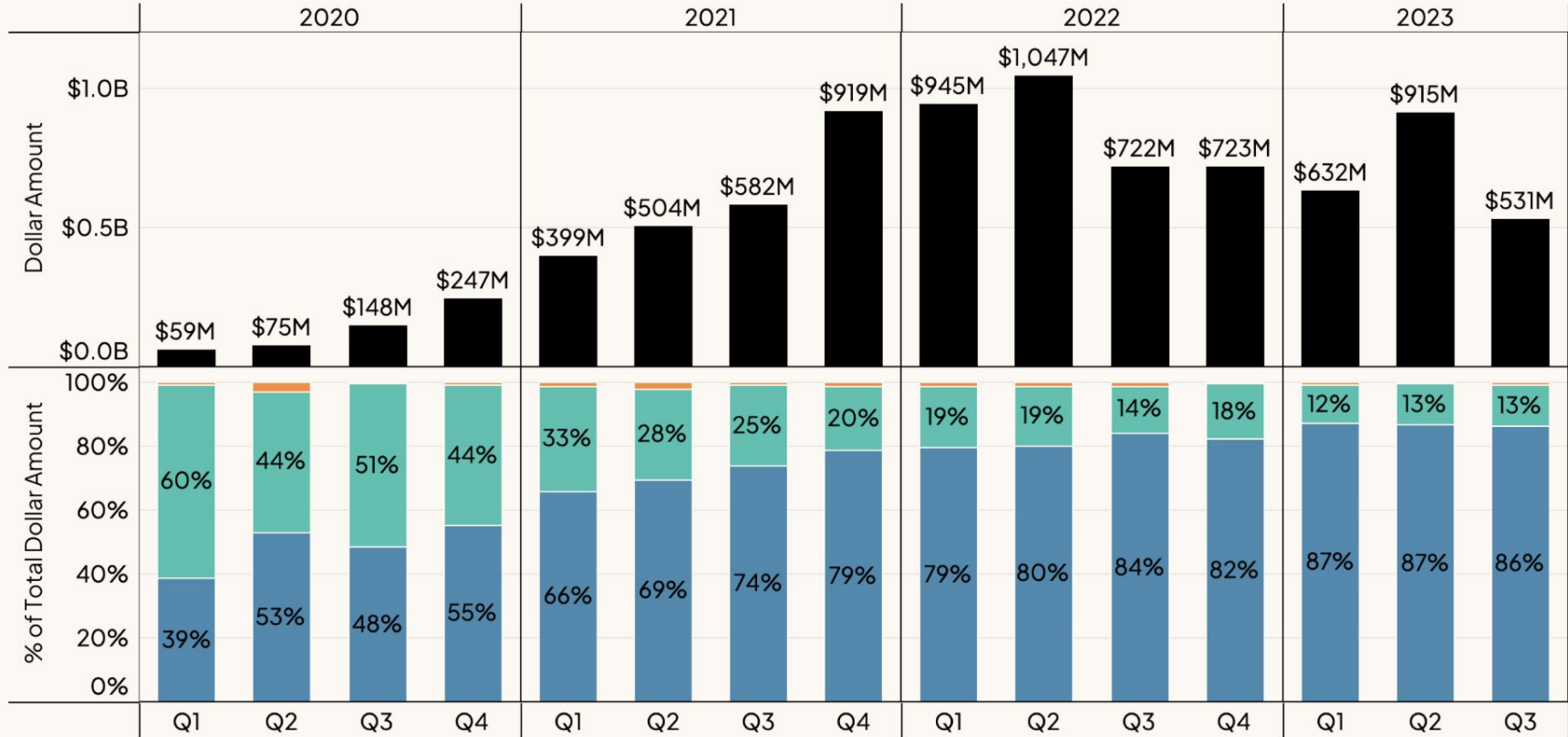
SAFEs have come to dominate pre-seed investing

Pre-seed companies and investment by instrument used | Q1 2018—Q1 2023 | **SAFEs** | [Convertible Notes](#)



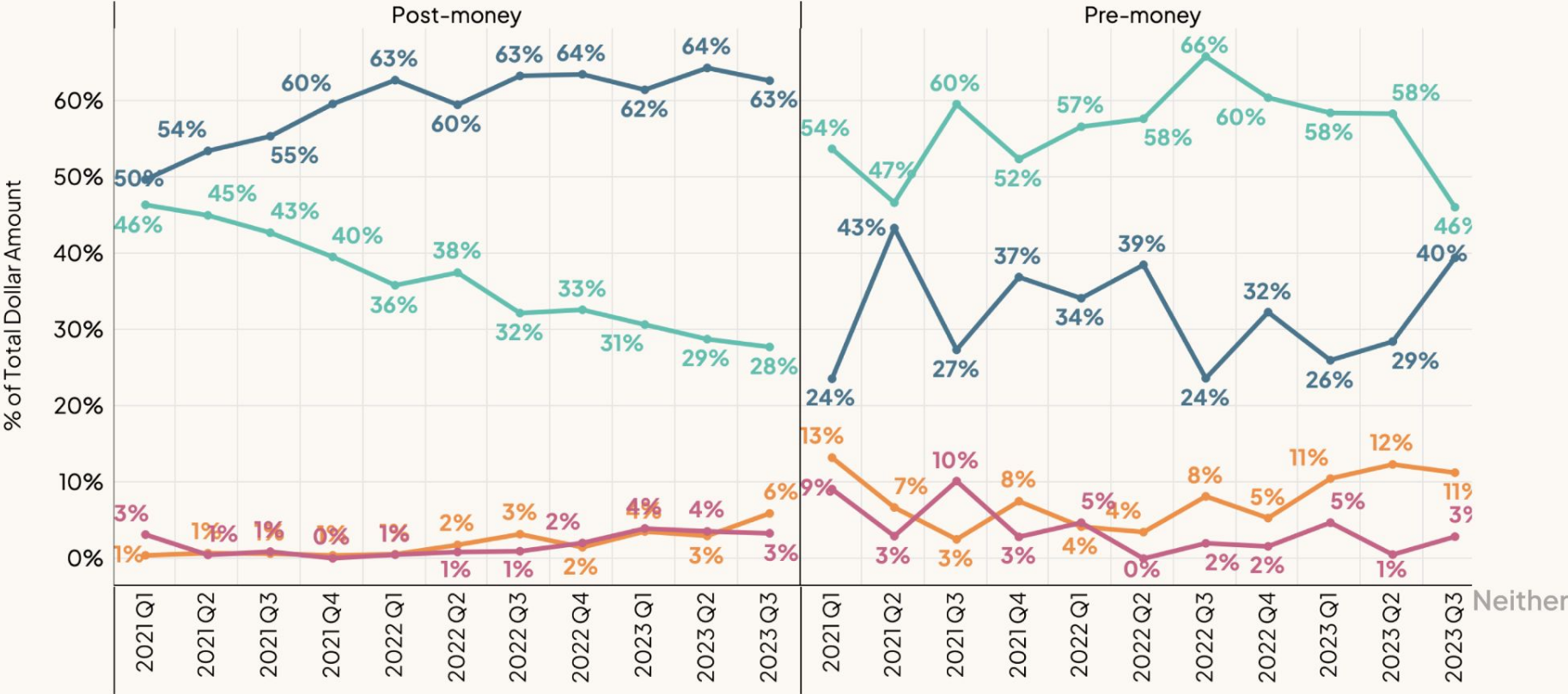
Post-money SAFEs make up the majority of the market

Total SAFEs and percent by SAFE type | Q1 2020—Q3 2023 | [post-money](#) | [pre-money](#) | [uncapped](#)



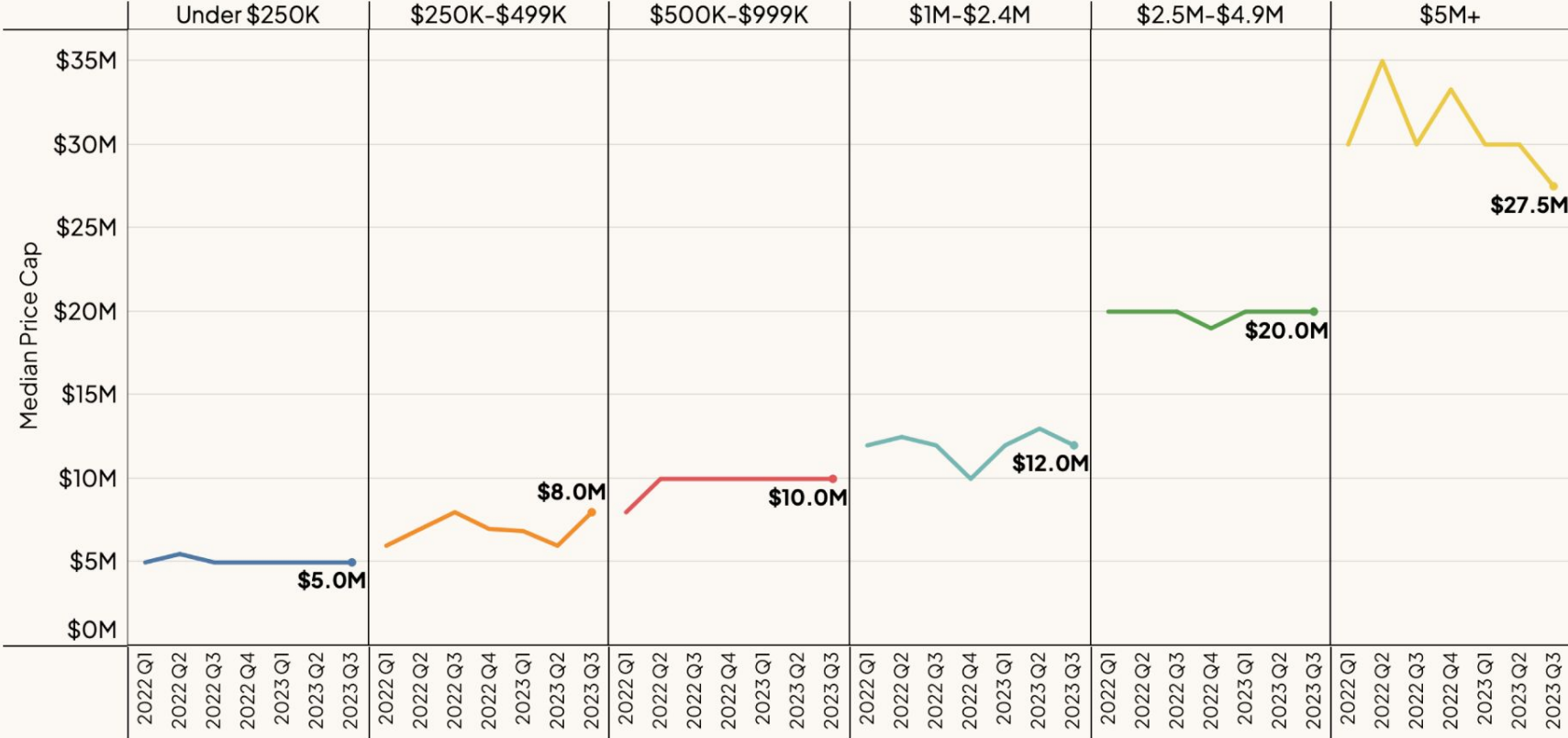
The vast majority of SAFEs have a valuation cap

Percent of pre-seed SAFEs by conversion terms | Q1 2021-Q3 2023 | Valuation Cap | Cap + Discount | Discount | MFN Only



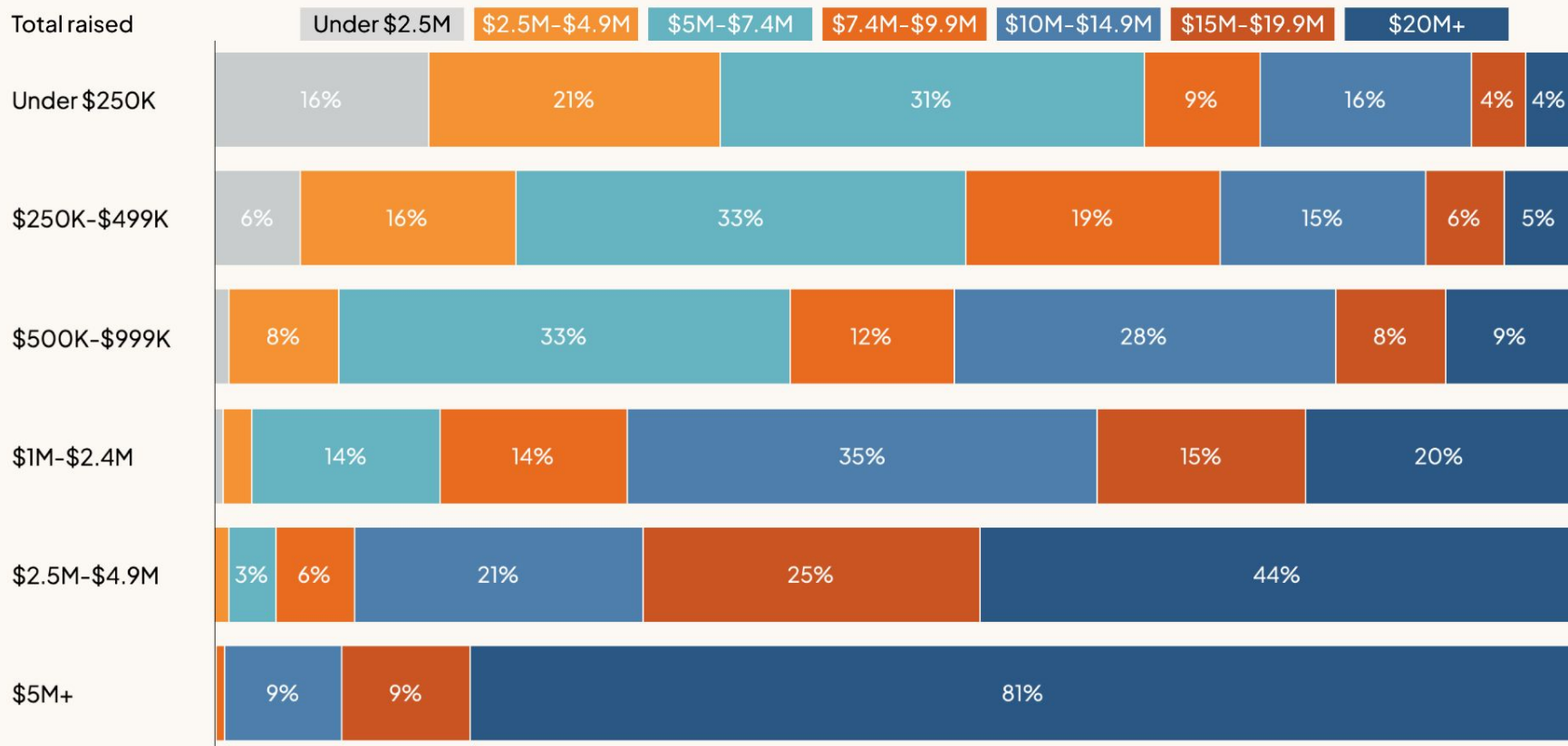
The amount you raise affects your valuation cap

Median valuation cap for post-money SAFEs based on total amount raised | Q1 2022–Q3 2023



Post-money SAFE valuation caps are widely distributed

Percent of valuation caps by tier and total SAFE raise | Jan-Nov 2023



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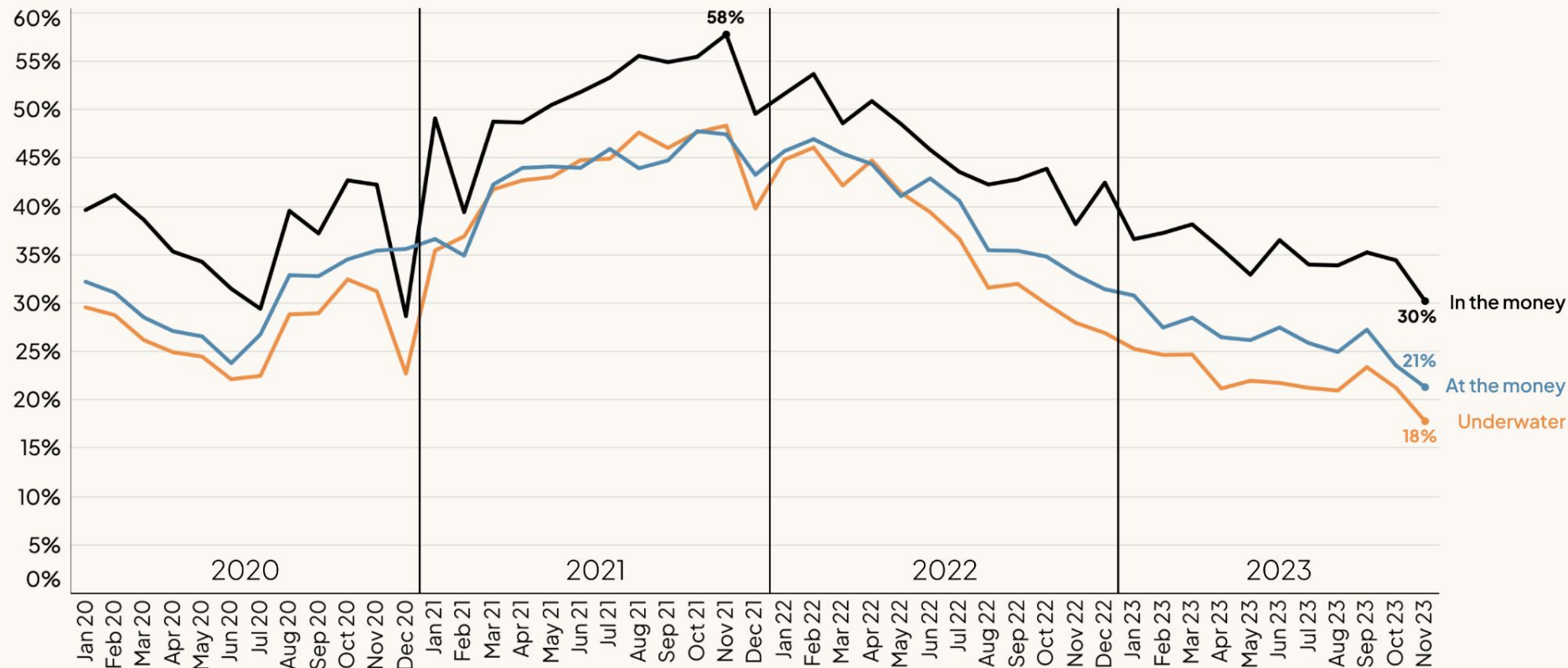
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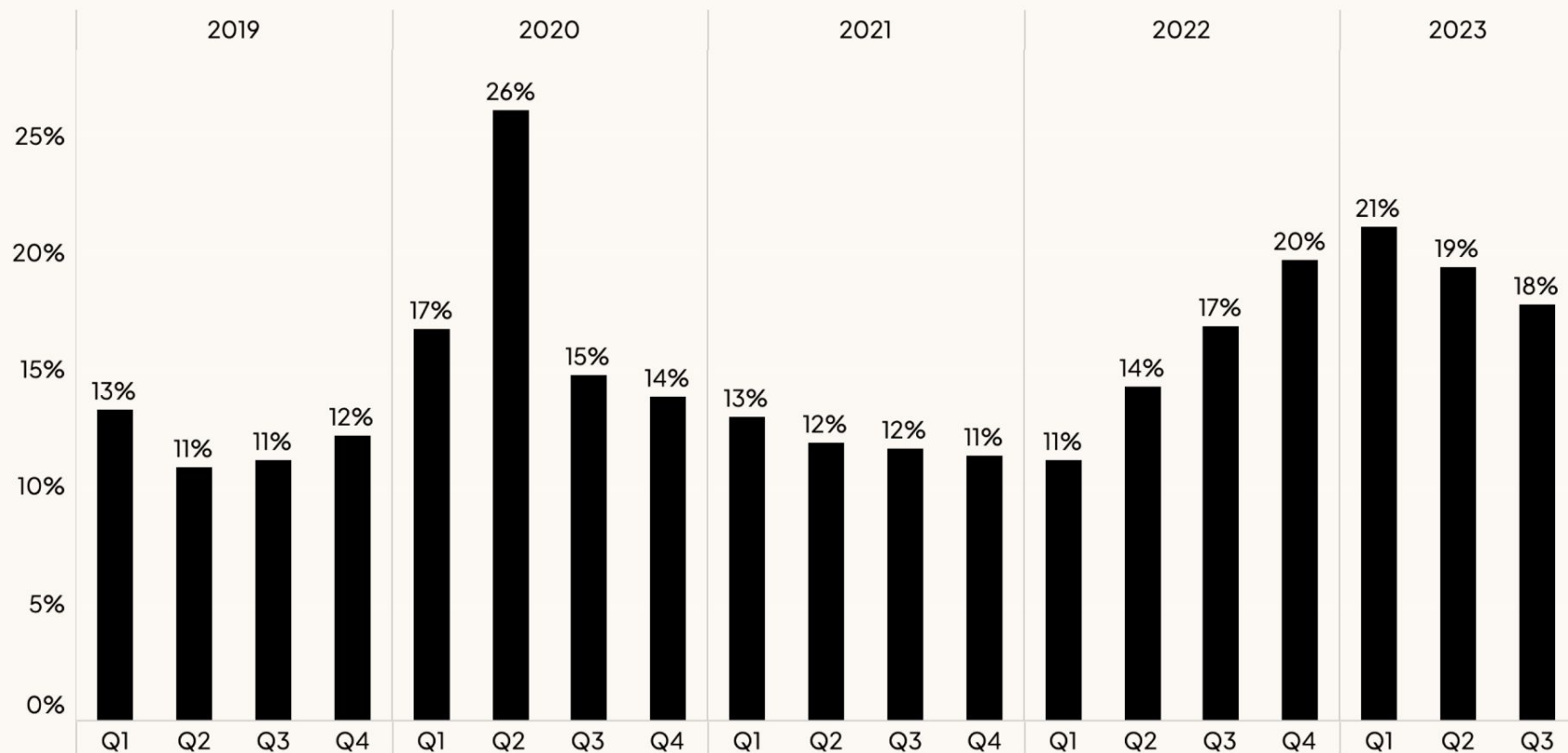
Employees are choosing not to exercise their equity

Percent of vested options by option status exercised before expiration | 2020–Nov 2023



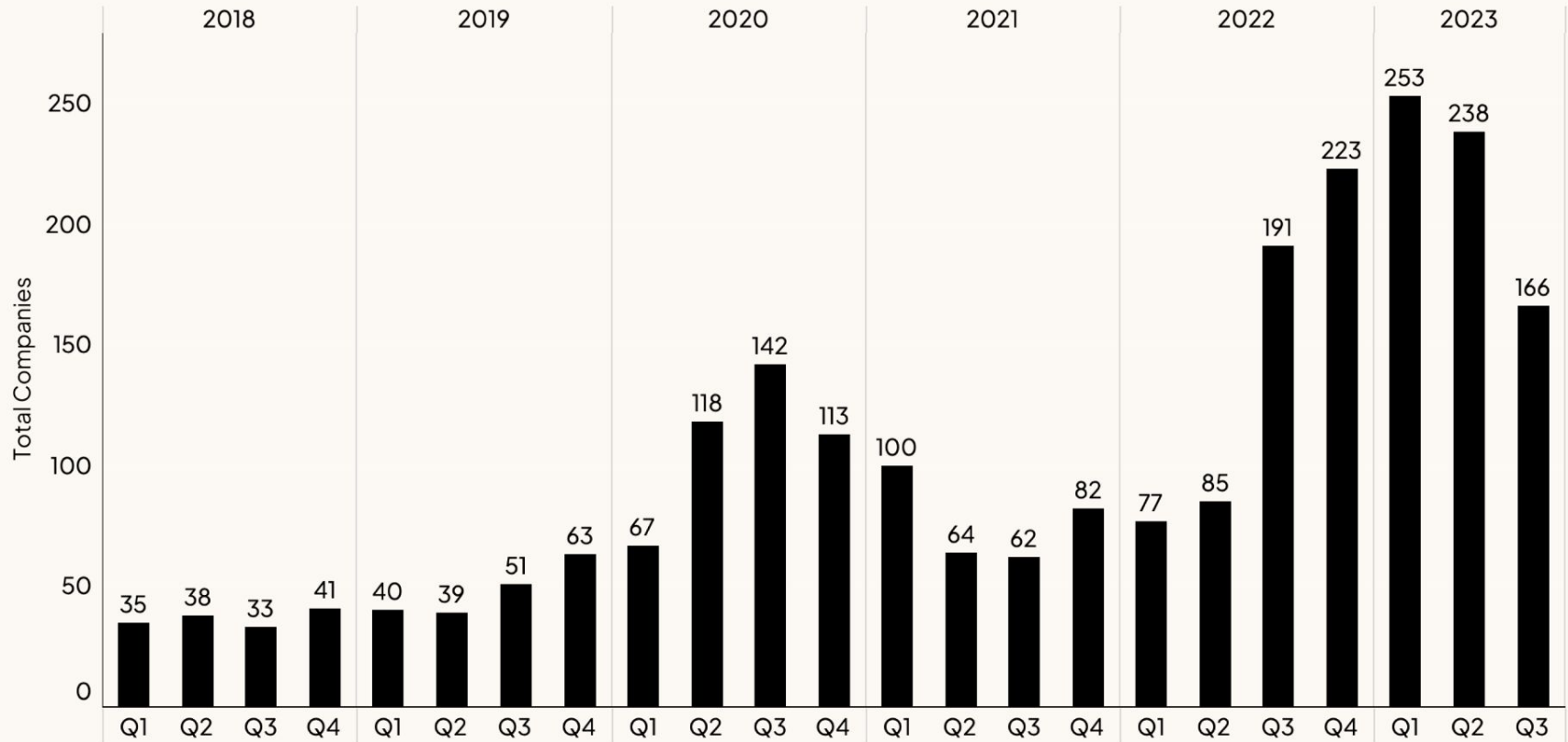
Extended exercise periods over 90 days are still rare

Percent of terminated options with post-termination exercise period over 90 days | Q1 2019–Q3 2023



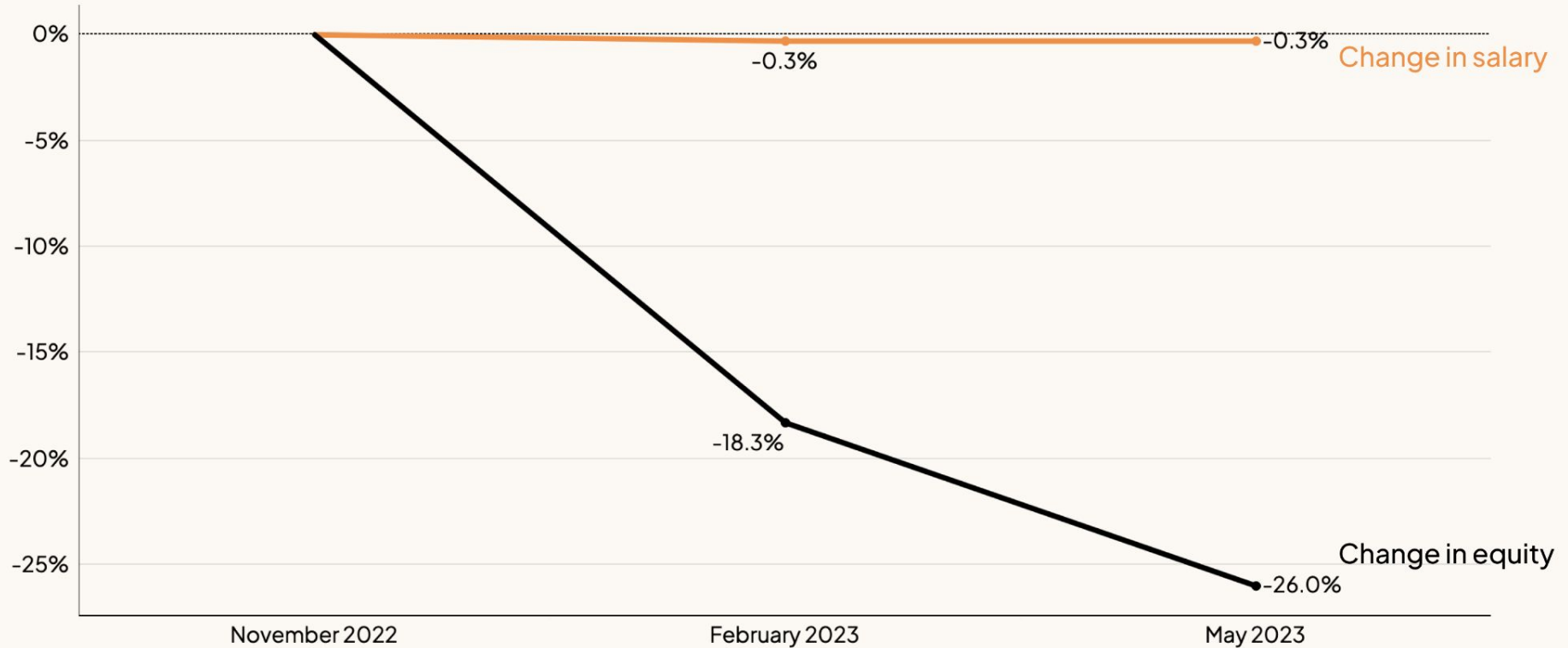
Option grant repricings are trending downward

Number of companies with 1 or more repriced option grants on Carta by quarter | Q1 2018–Q3 2023



Salary and equity benchmarks diverged in 2023

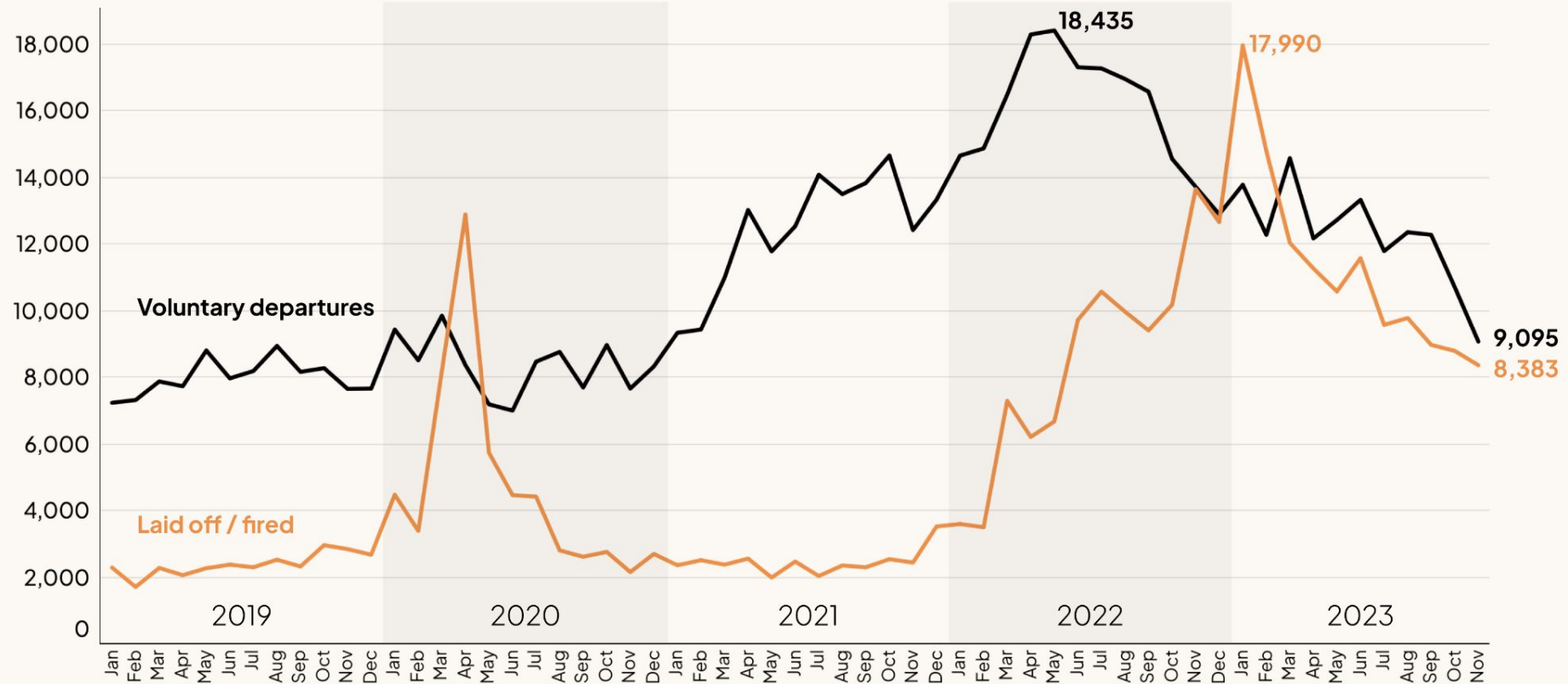
Average percent change in salary and fully diluted equity | All data relative to Nov 2022 | Companies worth \$1M-\$10B



Note: Data above from the following job functions - Customer Success, Data, Design, Engineering, HR/Recruiting, Marketing, Operations, Product, Sales, Support

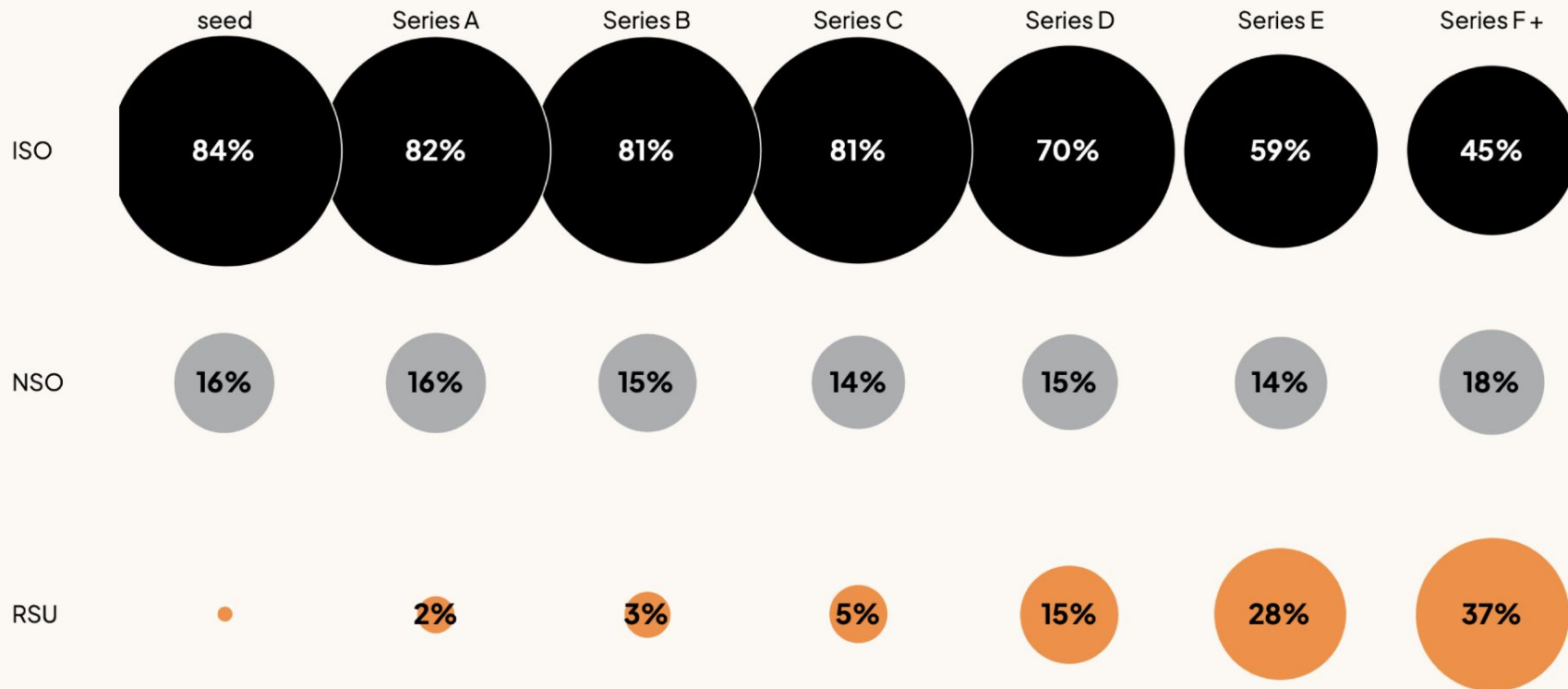
Both layoffs and voluntary departures are declining

Employees leaving their companies monthly across all Carta companies | Jan 2019–Nov 2023



Equity types for employees across funding stages

Percent of equity type issued to employees since 2019 across named funding rounds



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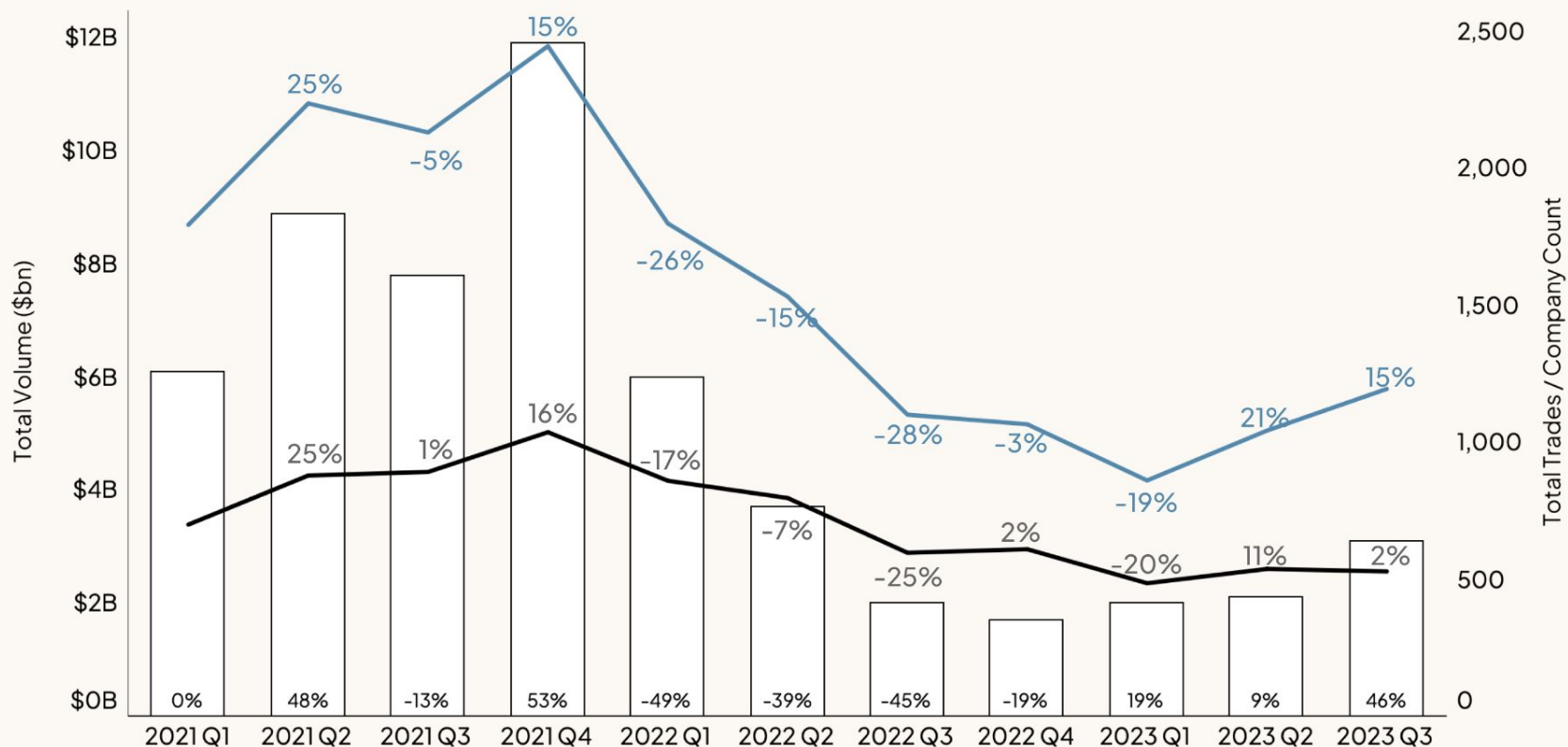
Secondary activity began picking up in Q3

Total volume (\$b), total trades, and company count, 2021–Q3 2023

Total volume (\$b)

Total trades

Company count



Carta aggregated data from bilateral transactions since 1/1/2022

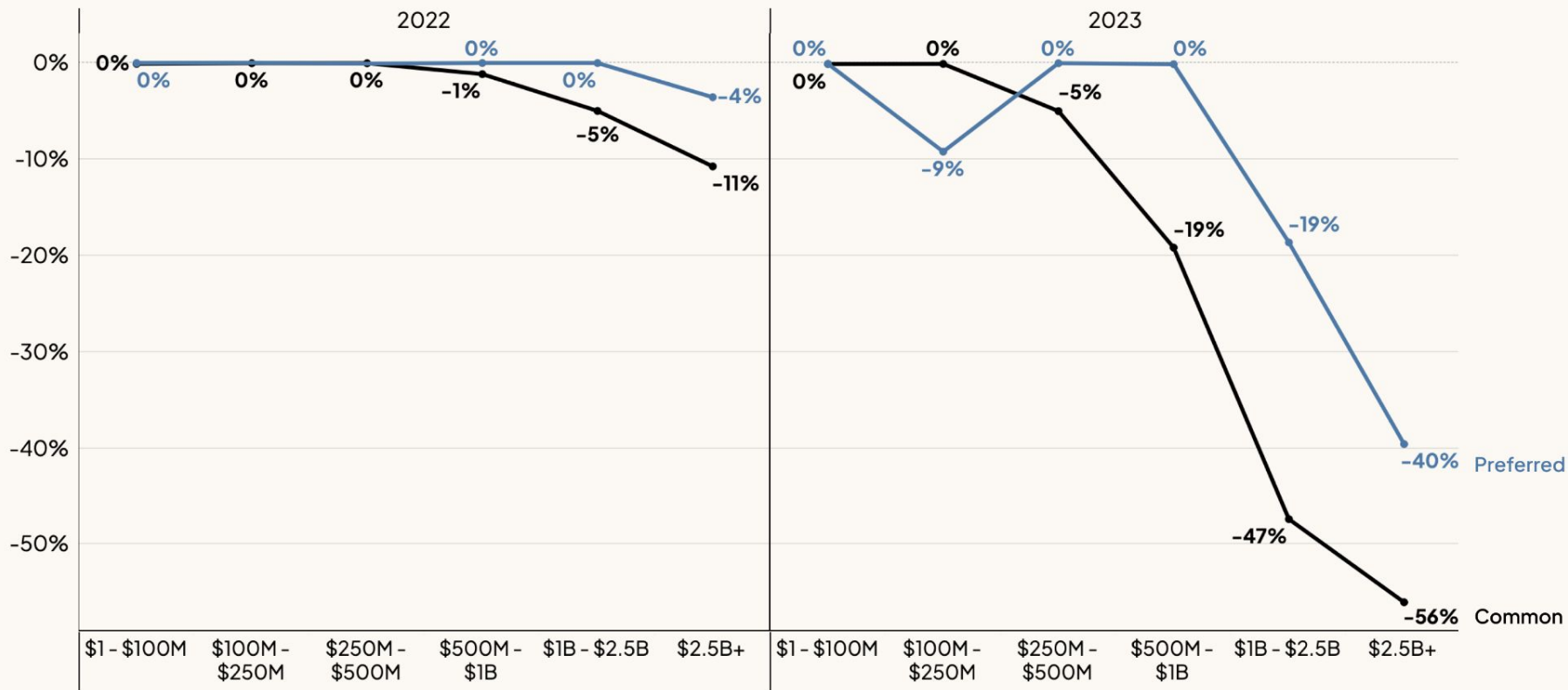
Note: Includes select companies with a post-money valuation greater than \$500MM

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Late-stage secondary pricing took a nosedive in 2023

Median difference in price from last primary round, common and preferred equity by company valuation | 2022–Nov 2023



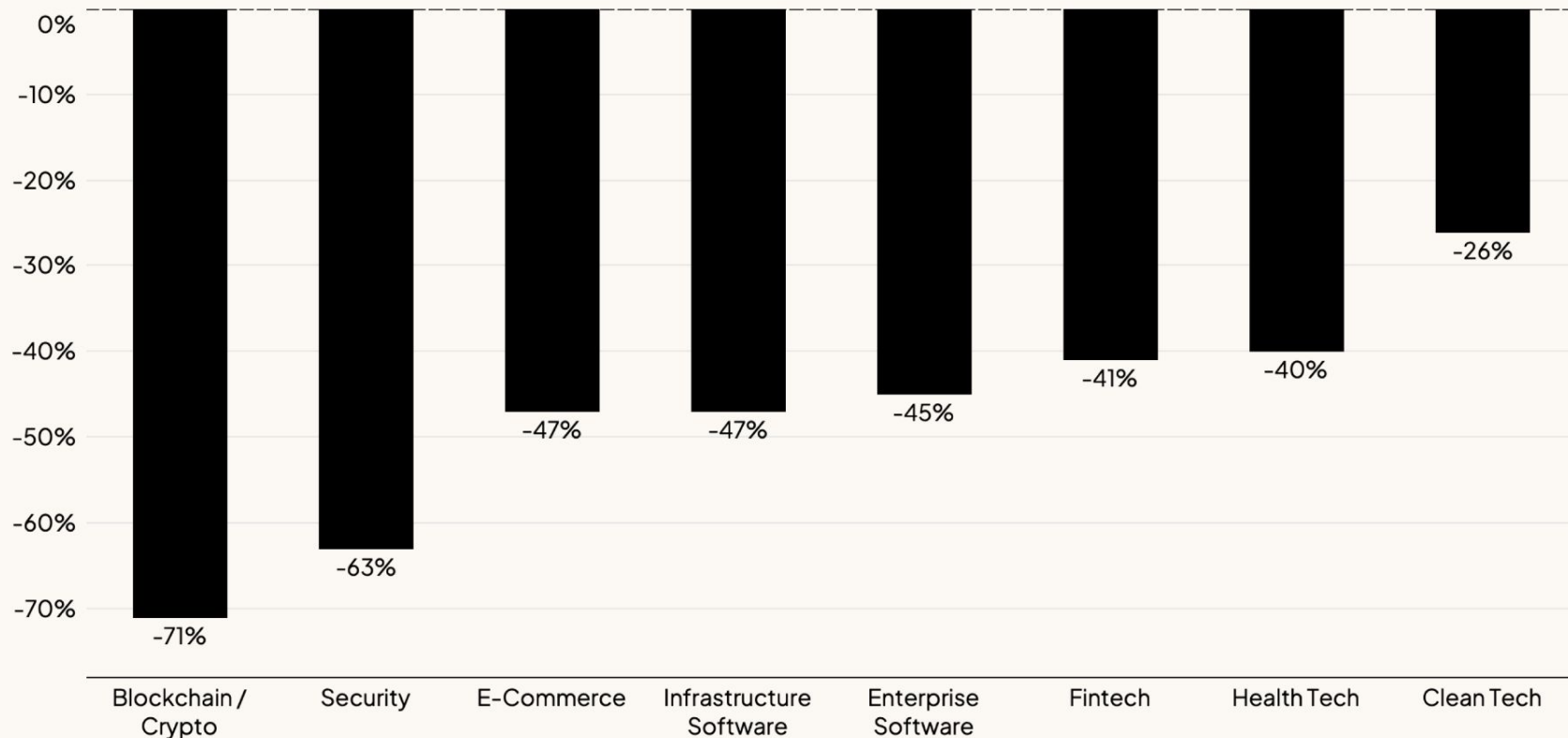
Source: Carta aggregated data from bilateral transactions since 1/1/2022

Note: Only includes block trades greater than \$100,000

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Certain sectors fared worse in secondary markets

Median difference in price from last primary round | 2023



Carta aggregated data from bilateral transactions since 1/1/2022

Note: Includes select companies with a post-money valuation greater than \$500MM

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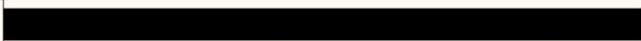


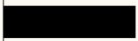











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The Bay is still the home of startups

Total capital invested into Carta companies by MSA of company HQ | Jan–Nov, 2023

	Metro Area	Total invested capital
1	Bay Area (SF + San Jose)	 \$14,801M (1,069 rounds)
2	Boston-Cambridge-Newton	 \$6,332M (313 rounds)
3	New York-Newark-Jersey City	 \$6,046M (627 rounds)
4	Los Angeles-Long Beach-Anaheim	 \$3,086M (298 rounds)
5	Austin-Round Rock-Georgetown	 \$1,722M (167 rounds)
6	Seattle-Tacoma-Bellevue	 \$1,607M (137 rounds)
7	San Diego-Chula Vista-Carlsbad	 \$1,383M (85 rounds)
8	Washington-Arlington-Alexandria	 \$1,201M (106 rounds)
9	Chicago-Naperville-Elgin	 \$955M (93 rounds)
10	Carson City, NV	 \$863M (2 rounds)
11	Houston-The Woodlands-Sugar Land	 \$629M (37 rounds)
12	Miami-Fort Lauderdale-West Palm Beach	 \$591M (87 rounds)
13	Minneapolis-St. Paul-Bloomington, MN-..	 \$561M (45 rounds)
14	Worcester, MA-CT	 \$535M (5 rounds)
15	Dallas-Fort Worth-Arlington, TX	 \$415M (54 rounds)

The Bay is especially the home of AI startups

Total capital invested into AI companies on Carta by MSA of company HQ | Jan–Nov, 2023

	Metro Area	Total invested capital
1	Bay Area (SF + San Jose)	\$3,640M
2	New York–Newark–Jersey City	\$1,052M
3	Boston–Cambridge–Newton	\$497M
4	San Diego–Chula Vista–Carlsbad	\$260M
5	Los Angeles–Long Beach–Anaheim	\$257M
6	Austin–Round Rock–Georgetown	\$220M
7	Seattle–Tacoma–Bellevue	\$175M
8	Pittsburgh, PA	\$107M
9	Houston–The Woodlands–Sugar Land	\$86M
10	Miami–Fort Lauderdale–West Palm Beach	\$81M
11	Raleigh, NC	\$80M
12	Chicago–Naperville–Elgin	\$80M
13	Las Vegas–Henderson–Paradise, NV	\$77M
14	Dallas–Fort Worth–Arlington, TX	\$67M
15	Washington–Arlington–Alexandria	\$67M

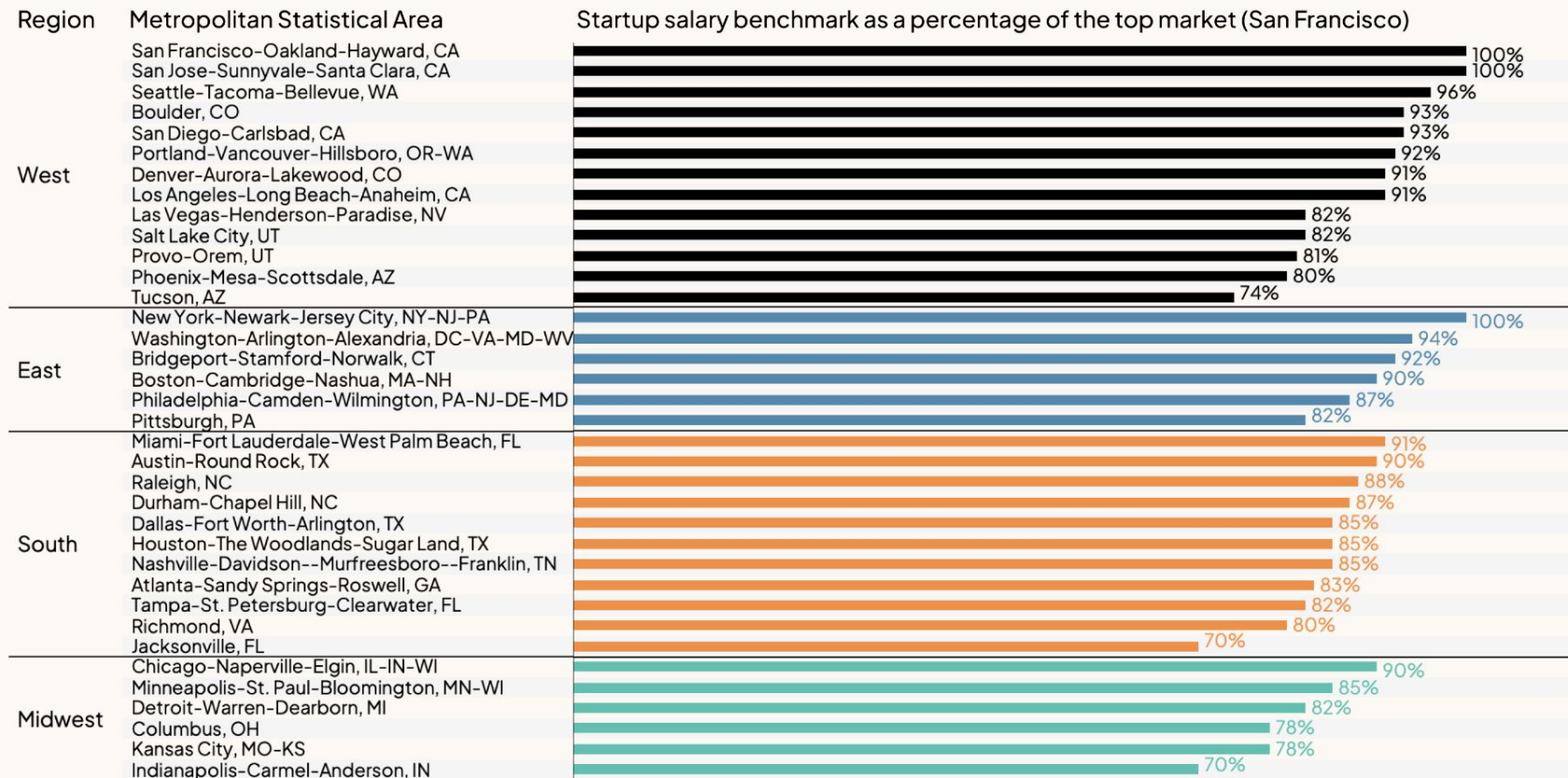
Bay Area is the top market in 6 of the top 10 sectors

Total capital invested into all priced rounds from Jan-Nov 2023, split by city and industry

	SaaS	Biotech	Healthtech	Hardware	Consumer	Energy	Fintech	Med Devices	Edtech	Gaming
1	#1 Bay Area \$5,806.6M	#1 Bay Area \$2,884.0M	#1 Bay Area \$1,105.6M	#1 Bay Area \$1,907.6M	#1 Bay Area \$1,065.4M	#1 Boston \$1,153.7M	#1 New York \$1,088.1M	#1 Bay Area \$688.3M	#1 New York \$388.6M	#1 LA \$331.0M
2	#2 New York \$1,827.7M	#2 Boston \$2,581.8M	#2 New York \$863.4M	#2 New York \$641.9M	#2 LA \$853.4M	#2 Bay Area \$603.8M	#2 Bay Area \$686.9M	#2 Boston \$251.0M	#2 Bay Area \$130.2M	#2 Bay Area \$55.4M
3	#3 LA \$817.5M	#3 San Diego \$745.5M	#3 Boston \$841.0M	#3 Boston \$584.7M	#3 New York \$578.1M	#3 Worcester \$530.3M	#3 LA \$274.5M	#3 LA \$148.6M	#3 Austin \$16.1M	#3 New York \$28.4M
4	#4 Boston \$649.6M	#4 New York \$260.6M	#4 DC \$347.4M	#4 Austin \$567.1M	#4 Tampa \$236.2M	#4 Reno \$250.0M	#4 Boston \$197.6M	#4 Minneapolis \$93.0M	#4 DC \$15.9M	#4 Miami \$22.4M
5	#5 Austin \$572.1M	#5 Seattle \$225.9M	#5 Seattle \$211.0M	#5 Houston \$287.5M	#5 Austin \$221.7M	#5 Seattle \$127.3M	#5 Miami \$141.3M	#5 New York \$80.6M	#5 None \$7.5M	#5 Dallas-FW \$20.0M

Startup compensation in the South nudged closer to SF

Select MSA startup compensation as a percentage of San Francisco rates | 2023





Peter Walker
Head of Insights

This review was created by Peter Walker

- Head of Insights @ Carta
- Former marketing exec at early-stage startups
- San Francisco based, recently married with a young corgi puppy

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