

The top half of the page features a dark background with a complex, glowing grid of white lines. Overlaid on this grid are several vertical bars in shades of orange and blue, resembling a candlestick or bar chart. A blue dashed line and an orange solid line curve across the grid, suggesting data trends or market movements. The word "FENWICK" is printed in a bold, white, sans-serif font in the upper left corner.

**FENWICK**

Fenwick & West  
Silicon Valley Venture Capital  
*Flash Report*

May 2020

# Fenwick & West Silicon Valley Venture Capital

## *Flash Report*

May 2020

Cynthia Clarfield Hess, Mark Leahy, Barry Kramer and Khang Tran

This survey is a special interim report to highlight changes in the Silicon Valley venture capital environment in light of the COVID-19 pandemic. It focuses on May financing activity and supplements our [March 2020](#) and [April 2020](#) Flash Reports.

Please note that when providing data on a monthly basis, and especially when analyzing trends among industries or series on a monthly basis, we are working with smaller numbers than in our quarterly report and accordingly the possibility of statistical anomalies increases.

## Key Findings

Financing deal volume continued at levels similar to pre-pandemic levels, but May valuation results were weaker than April and significantly trailed 2019 results.

### *Overall financing volume stable.*

- The number of financings in May was flat with April, with 70 in each month. There was an average of 65 deals per month in 2019, although May 2019 had 75 financings.

### *The percentage of late-stage financings declined to close to pre-pandemic levels.*

- The percentage of Series D/E+ financings declined to 31% of all financings in May, compared to 38% in April. As the average percent of D/E+ financings in 2019 was 26%, we are likely seeing a reversion to the mean. This is perhaps an indication that venture capitalists who were focused on securing financing for their older, existing investments earlier in the pandemic are now returning their focus to earlier stage opportunities.

### *Software and life sciences deal volume strong.*

- Software companies accounted for 54% of May financings, above the 46% they accounted for in 2019. Life sciences financings also were above average, at 19% of May financings, compared to 14% in 2019. At the other end of the spectrum hardware deals accounted for only 3% of the financings in May, as compared to 11% of financings in 2019.

### *Valuations weaken.*

- The percentage of up-rounds declined modestly from 71% in April to 67% in May, but continued noticeably lower than the 83% up-rounds on average in 2019. The 67% up-rounds in May was the lowest monthly amount since August 2018, when only 66% of financings were up-rounds.
- Flat-rounds continued above normal at 16% in May, which was the same as April, compared to 9% in 2019. This likely indicates an ongoing increase in reopening of prior rounds and/or insider-led rounds. Down-rounds increased from 13% in April to 17% in May, and remained above the 2019 average of 8%.
- The average share price increase of May financings weakened noticeably, declining from 63% in April to 43% in May. The results for both April and May were significantly below the 2019 average increase of 93%.
- The median share price increase also weakened, from 40% in April to 17% in May. Again, both were significantly below the 60% increase seen in 2019.
- The valuation weakening compared to 2019 was evident in all industries except life sciences, where the average price increase in May slightly surpassed 2019 results.

## Detailed Results

The following charts focus on the results discussed above. More detailed charts will be provided in our Silicon Valley Venture Capital Survey for the entire second quarter of 2020, which will be released in early August.

### Number of Financings by Series

Series	Jan 2020	Feb 2020	Mar 2020	Apr 2020*	May 2020	2019
A	47	28	22	14	18	255
B	31	12	14	13	16	174
C	26	8	7	16	14	145
D	9	6	3	10	8	75
E+	13	6	8	17	14	128
<b>Total - All Series</b>	<b>126</b>	<b>60</b>	<b>54</b>	<b>70</b>	<b>70</b>	<b>777 (65/mo)</b>

Series	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	2019
A	37%	47%	41%	20%	26%	33%
B	25%	20%	26%	19%	23%	22%
C	21%	13%	13%	23%	20%	19%
D	7%	10%	6%	14%	11%	10%
E+	10%	10%	15%	24%	20%	16%

### Number of Financings by Industry

Industry	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	2019
Software	63	22	23	34	38	356
Hardware; Electronics	9	4	4	4	2	82
Life Sciences	20	14	15	17	13	107
Internet; New Media	20	15	7	7	11	149
Other	14	5	5	8	6	83
<b>Total - All Industries</b>	<b>126</b>	<b>60</b>	<b>54</b>	<b>70</b>	<b>70</b>	<b>777 (65/mo)</b>

Industry	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	2019
Software	50%	37%	43%	49%	54%	46%
Hardware; Electronics	7%	7%	7%	6%	3%	11%
Life Sciences	16%	23%	28%	24%	19%	14%
Internet; New Media	16%	25%	13%	10%	16%	19%
Other	11%	8%	9%	11%	9%	11%

### Price Change Direction

Price Change	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	2019
Up	81%	81%	72%	71%	67%	83%
Even	8%	0%	13%	16%	16%	9%
Down	11%	19%	16%	13%	17%	8%

## Average and Median Price Change

Price Increase	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	2019
Average	117%	76%	42%	63%	43%	93%
Median	68%	59%	26%	40%	17%	60%

## Average Price Increase by Industry

Industry	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	2019
Software	130%	74%	51%	102%	46%	101%
Hardware; Electronics	108%	47%	58%	-27%	9%	78%
Life Sciences	69%	106%	32%	18%	50%	43%
Internet; New Media	98%	99%	13%	109%	53%	122%
Other	159%	-4%	50%	16%	18%	96%
<b>Total - All Industries</b>	<b>117%</b>	<b>76%</b>	<b>42%</b>	<b>63%</b>	<b>43%</b>	<b>93%</b>

## Median Price Increase by Industry

Industry	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	2019
Software	110%	65%	33%	86%	27%	74%
Hardware; Electronics	37%	37%	51%	0%	9%	38%
Life Sciences	28%	17%	23%	7%	15%	32%
Internet; New Media	68%	103%	8%	36%	40%	66%
Other	76%	4%	50%	2%	-6%	68%
<b>Total - All Industries</b>	<b>68%</b>	<b>59%</b>	<b>26%</b>	<b>40%</b>	<b>17%</b>	<b>60%</b>

## Average Price Increase by Series

Series	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	2019
B	125%	112%	39%	115%	64%	118%
C	128%	99%	60%	71%	69%	112%
D	81%	30%	25%	-10%	33%	86%
E+	103%	26%	39%	57%	-1%	43%
<b>Total - All Series</b>	<b>117%</b>	<b>76%</b>	<b>42%</b>	<b>63%</b>	<b>43%</b>	<b>93%</b>

## Median Price Increase by Series

Series	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	2019
B	71%	75%	20%	89%	42%	89%
C	79%	85%	33%	22%	29%	60%
D	60%	45%	21%	0%	26%	60%
E+	54%	23%	36%	36%	0%	33%
<b>Total - All Series</b>	<b>68%</b>	<b>59%</b>	<b>26%</b>	<b>40%</b>	<b>17%</b>	<b>60%</b>

**\*Note:** Results from April have been updated since our prior Flash Report to reflect six additional financings that were reported after the report was issued on June 12, 2020. We are finding that 5-10% of monthly financings are being reported after our 30-day post-month cutoff for preparing our report. Accordingly, we extended our cutoff for this report by an additional week. The delay in reporting may be due to pandemic-related circumstances.

## About our Survey

The Fenwick & West Venture Capital Survey has been published quarterly since the first quarter of 2002. Its goal is to provide information to the global entrepreneurial and venture community on the terms of venture financings in Silicon Valley.

The survey is available to all, without charge, by signing up at [www.fenwick.com/vcsurvey/sign-up](http://www.fenwick.com/vcsurvey/sign-up). We are pleased to be a source of information to entrepreneurs, investors, educators, students, journalists and government officials.

Our analysis of Silicon Valley financings is based on independent data collection performed by our lawyers and paralegals, and is not skewed toward or overly representative of financings in which our firm is involved. We believe that this approach, compared to only reporting on deals handled by a specific firm, provides a more statistically valid and larger dataset.

This survey consists of priced equity financings of companies headquartered in Silicon Valley that raised at least \$1 million from venture capitalists or other professional investors during the applicable time period. Subsequent closings of financings are only treated as new financings if they occurred at least six months after the initial closing. For purposes of determining whether a company is based in "Silicon Valley" we use the area code of the corporate headquarters. The area codes included are 650, 408, 415, 510, 925, 916, 707, 831 and 209.

## Contact Information

For additional information about this report please contact Cynthia Hess at 650.335.7238; [chess@fenwick.com](mailto:chess@fenwick.com), Mark Leahy at 650.335.7682; [mleahy@fenwick.com](mailto:mleahy@fenwick.com), or Barry Kramer at 650.335.7278; [bkramer@fenwick.com](mailto:bkramer@fenwick.com) at Fenwick & West.

---

### Disclaimer

The preparation of the information contained herein involves assumptions, compilations and analysis, and there can be no assurance that the information provided herein is error-free. Neither Fenwick & West LLP nor any of its partners, associates, staff or agents shall have any liability for any information contained herein, including any errors or incompleteness. The contents of this report are not intended, and should not be considered, as legal advice or opinion. To the extent that any views on the venture environment or other matters are expressed in this survey, they are the views of the authors only, and not Fenwick & West LLP.

© 2020 Fenwick & West LLP

**FENWICK**