



THE STATE OF VC 2020 COLORADO



crunchbase

2020

**TOTAL COLORADO VC
DEALS BY THE NUMBERS**

\$2.21B

VC FUNDING

451

VENTURE DEALS

117

EXITS

4

NEW UNICORNS

SUMMARY

Colorado is no longer just an early-stage ecosystem. Over the past 10 years, Colorado's startup ecosystem has matured and, with it, venture capital investment, talent and secondary locations for Fortune 500 technology companies have followed.

Coinciding with this evolution, Colorado has seen a surge in advanced industries expertise, partnership & exit opportunities, spin-off startups & outside investment.

Here's a glance at 2020:

- Capital invested in Colorado companies has grown 86% in the past five years, ranking Colorado in the top 10 for VC funding nationally
- Over the past 5 years, VC funding in Colorado has doubled
- Since 2016, the average Colorado Series A size has doubled - \$5.9M to \$10.5M
- Since 2016, the average Colorado Series B size has doubled - \$12.5M to \$25.6M
- Colorado-based early-stage investors grew by 50% over the past 5 years
- Colorado ranks #6 in the nation for total amount of VC Deals

TOP INDUSTRIES

Colorado's startup ecosystem is diversifying. Since 2015, the ecosystem has evolved from primarily comprising of B2B software, energy & telecom businesses to advanced industries such as aerospace & defense, biotech, drug discovery, robotics & advanced manufacturing.

- In 2020, the top verticals that received funding were artificial intelligence, B2B SaaS, biotech, healthtech, fintech & TMT
- SaaS leads all industries in the amount of funding over the past five years. From 2015-2020, 456 software companies raised \$4.3B
- Aerospace is one of the fastest growing industries, attracting \$125.3M in funding in 2020 compared to \$4.25M in 2015

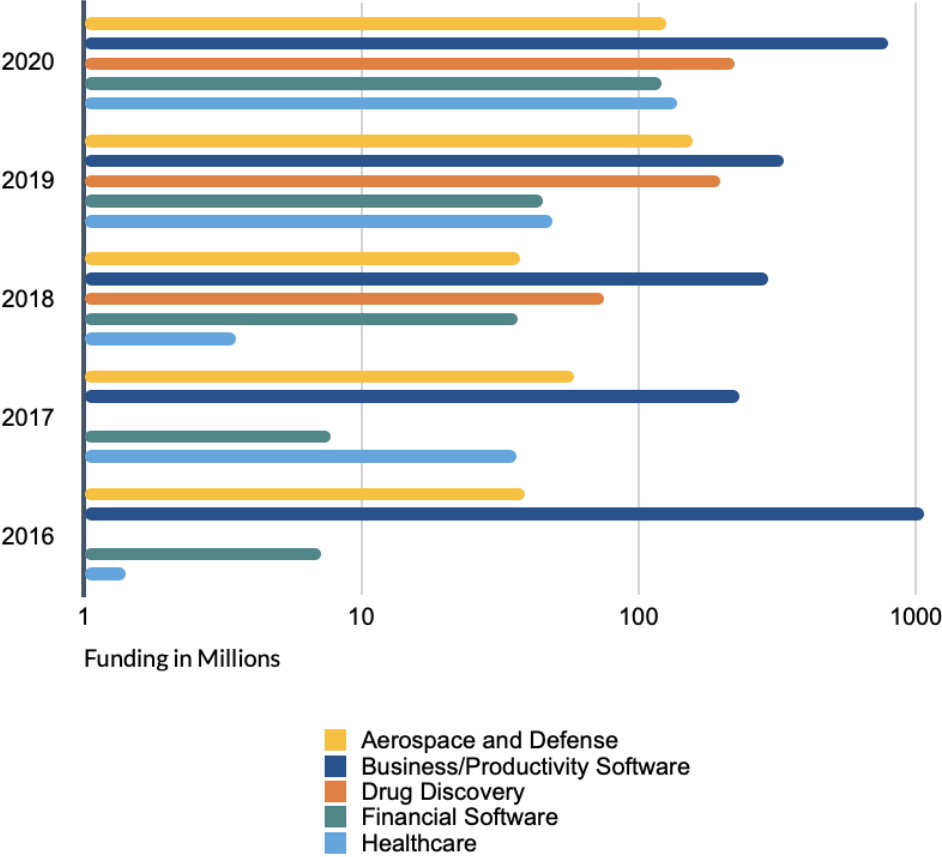
2020'S HIGHEST ROUNDS*

The top 10 deals were concentrated in B2B SaaS, biotech, healthtech & industrial engineering

1. \$135.8M
DISPATCHHEALTH
2. \$95M
EDGEWISE THERAPEUTICS
3. \$75M
JUMPCLOUD
4. \$65M
OUTRIDER
5. \$60M
BILLGO



Top 5 Fastest Growing Verticals in Colorado Growth in VC \$M Funding, 2016-2020

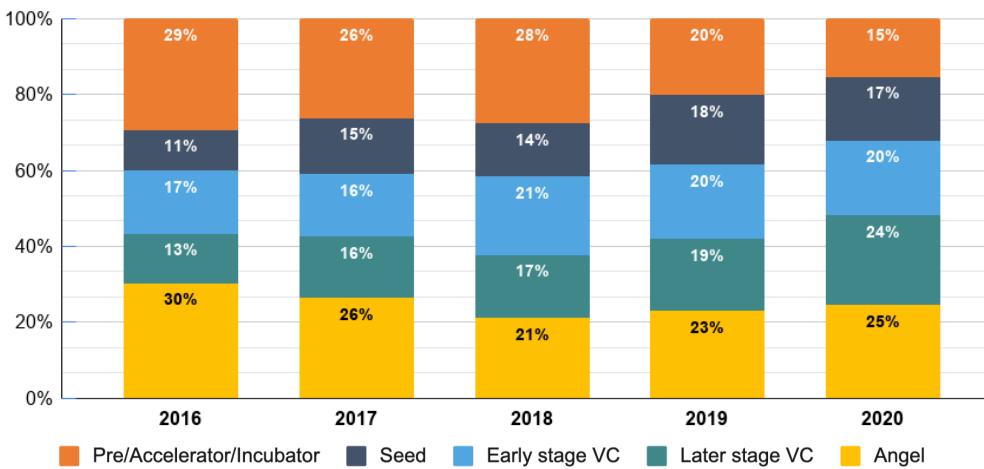


FUNDING TRENDS: ACCELERATORS, SEED & EARLY STAGE FUNDING ACTIVITY

Significant seed and angel funding is vital to laying the foundation for new business incubation. Colorado has remained steady while increasing in early and late stage financing year over year. Diversified capital, along with an abundance of early-stage resources, supports startups throughout the life cycle and creates a thriving ecosystem.

In 2020, Colorado's 28 accelerators invested in 19 Colorado-based startups and 41 Colorado-based startups raised seed rounds from national accelerator programs.

VC Deals in Colorado by Type, 2016-2020



2020 COLORADO FUNDING TRENDS: DEAL STAGE & NATIONAL RANKINGS

Colorado's venture capital and startup ecosystem is stronger than our size would suggest. Despite being in the lower 20s for rank in population and company counts, Colorado was 6th in the US for the total number of VC deals, 9th in the total amount of capital invested through those deals, and 12th in the median deal size.

Overall, venture capital funding in Colorado makes up about 3% of the deal flow and capital invested in the nation - a full percentage point more than Colorado's share of the population at about 2%.

Impact of COVID-19 on Deal Flow

While the number of deals in 2020 decreased by 13% compared to 2019 due to the economic effect of COVID-19, Colorado was in range with the rest of the country which saw an overall decline of 10%.

Colorado's 2020 deals were comprised of:

- 111 angel deals
- 69 startups raised accelerator/ incubators / pre-seed rounds
- 76 seed stage VC deals
- 89 early stage VC deals
- 107 later stage VC deals

Colorado's average round sizes have doubled since 2016

- Average seed size **\$692k** (2016) vs **\$1.4M** (2020)
- Average series B size **\$12.5M** (2016) vs **\$25.6M** (2020)

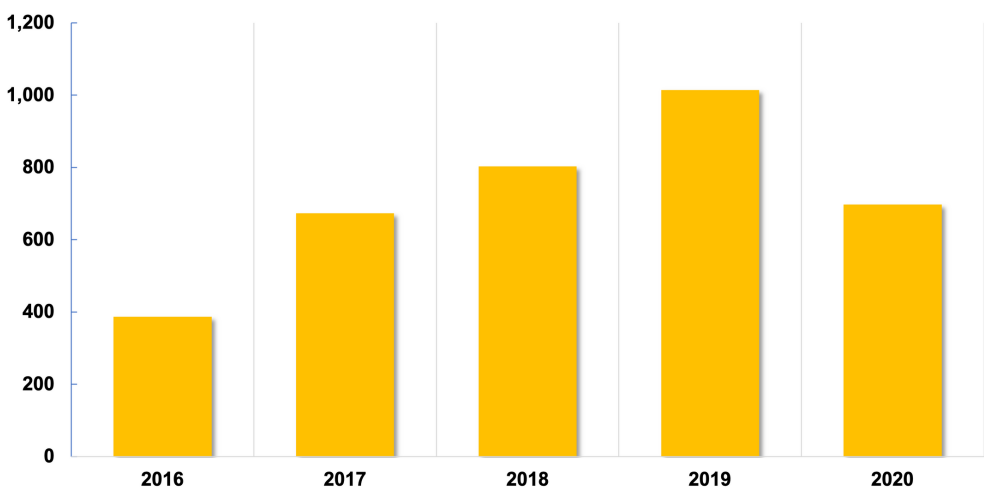
Seed & later stage fundings have doubled since 2016

- Seed stage funding percentage of deals: **9.3%** (2016) vs **16.1%** (2020)
- Later stage funding percentage of deals: **11.4%** (2016) vs **22.7%** (2020)

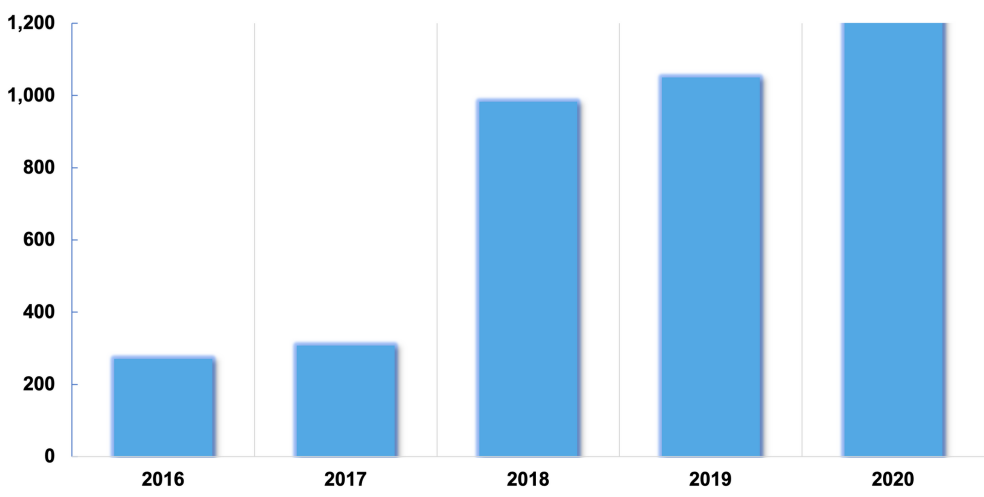


FUNDING ROUNDS: STARTUPS ARE ATTRACTING MORE LATER STAGE FUNDING

**VC \$M Invested into Colorado - Early Stage
2016- 2020**



**VC \$M Invested into Colorado - Later Stage
2016-2020**



FUNDING ROUNDS: IN-STATE VS. OUT-OF-STATE VENTURE ACTIVITY

Colorado startups are increasingly attracting out-of-state funding.

California-based investors have invested in the most Colorado-based deals, 122 startups, while in-state VCs only accounted for 62 deals. The total invested in Colorado decreased by 10% in 2020 down from \$2.5B in 2019, which we attribute to COVID.

Colorado has seen an uptick in local VC firms founded.

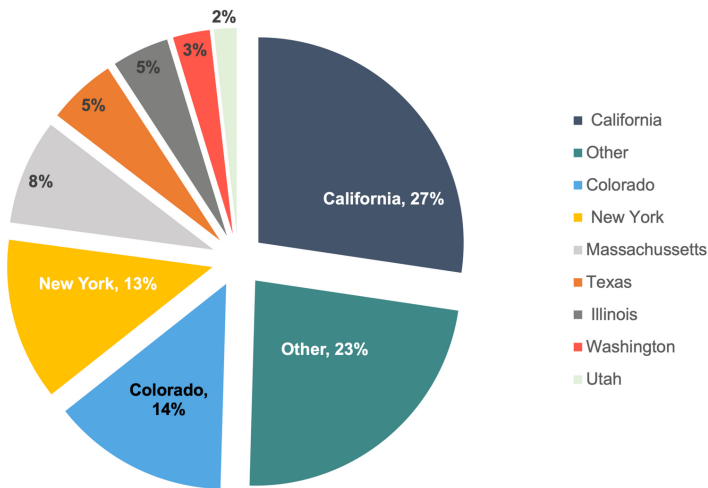
Since 2015, 23 new early stage VC firms have actively invested in the state, accounting for 66 total investments statewide. 70 active investment firms are based in Colorado. Foundry Group is the most active Colorado-based VC firm with 18 investments nationally in 2020. Colorado-based VC firms' AUM has doubled since 2010.

ACTIVE COLORADO-BASED INVESTMENT FIRMS

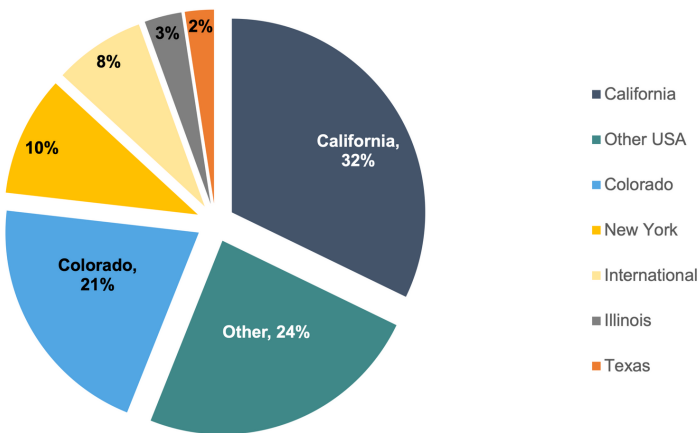


FUNDING ROUNDS: IN-STATE VS. OUT-OF-STATE VENTURE ACTIVITY

CO-based Investors Participation by Deal Location, 2020



CO-based Deal Activity by Investor Location, 2020



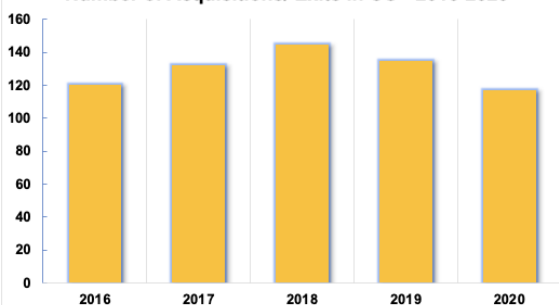
EXITS

Colorado ranks 8th nationally for exits, VC-backed companies make up 30.9% of total exits in the state.

In 2020, 38 VC-backed companies exited. 117 total startups were acquired, merged or exited.

Exits have taken a slight dip over the past four years with more companies exiting later.

Number of Acquisitions/ Exits in CO - 2016-2020



2020'S TOP EXITS*

The top 50 deals were concentrated in SaaS, biotech & industrial engineering.

1. **Vertafore**
acquired by Roper
\$5.5B
1969 - 2020
2. **ArcherDX**
acquired by Invitae
\$1.4B
2013 - 2020
3. **ClearChoice Holdings**
acquired by Aspen Dental Mgmt
\$1.1B
2005 - 2020
4. **Conga**
acquired by Apptus
\$715M
2006 - 2020
5. **BOA Technology**
acquired by
Compass Diversified
\$454M
2001 - 2020



RECENT RELOCATIONS & SECONDARY HUBS IN COLORADO AS OF 2020



RECENT HOMEGROWN UNICORNS



COLORADO AS HQ & HOME BASE

Colorado is a top destination for startups & tech companies. Burgeoning tech companies have chosen Colorado time and time again as their secondary HQ location and doubled down on expanding their locations. This, combined with the robust and growing Colorado-based remote workforce, continues to tee up Colorado startups for greater access to talent & the probability for new spin off companies.

- 66% of Colorado's tech footprint is occupied by Colorado-based companies; 34% belongs to companies headquartered elsewhere
- In total, Colorado is home to 584 tech firms with 689 locations
- Collectively, Colorado's 4 newest unicorns employ over 3,100 full-time employees
- Colorado leads the list of states with the most remote tech workers at 8.6%
- Colorado is the 2nd most highly educated state in United States - 43% of the state population has an advanced degree
- Colorado ranks 3rd in the United States for population growth
- In the past 10 years, Colorado job growth in information technology has grown 9%
- In 2020, the highest percentage of migrants to the Greater Denver Area were from California & New York



DIVERSE FOUNDERS & ROUNDS

An inclusive, collaborative culture is a cornerstone of Colorado's startup ethos.

While Crunchbase's Diversity Spotlight data is still new, here are a few top diverse VC deals of 2020 in Colorado.



Largest diverse later stage round
Female co-founder
\$60M



Largest diverse early stage round
Diverse co-founder
\$60M



Diverse Colorado-based unicorn
Female co-founder
\$1B valuation



Largest diverse CO-VC funded round
Female co-founder
\$10M



The State of VC in
Colorado 2020 Report was
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Crunchbase

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Demography Office
Educational attainment:
U.S. Census Bureau

US Census Bureau,
Colorado State
Demography Office,
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CBRE 2020 Colorado
Techbook

This report was compiled
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