

Empowering Entrepreneurs to go Further Faster.



# 2018 INNOVATORS REPORT

Tracking North Carolina's Entrepreneurial Activity

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# Success

Through connecting entrepreneurial companies with high-value resources



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# Empowering Entrepreneurs

For 35 years CED has connected entrepreneurial companies with high-value resources to accelerate business growth.

Since 1984, the Council for Entrepreneurial Development (CED) has cultivated the entrepreneurial ecosystem, turning NC into a leading hub for company growth and success. With more than 400 active companies, our expansive membership of industry veterans, successful innovators and enterprising startups comprises the largest and longest-running network for entrepreneurs in the country.

With just the right combination of opportunity, resources and talent, the Triangle region of North Carolina is experiencing explosive growth and business success. Behind that growth is a community with a 30-year commitment to fostering new insights in technology-based industries, and a track record of successful startups in North Carolina. At the core of this community is CED, which has formed a powerful network of investors,

entrepreneurs, corporate partners, mentors and support organizations. CED offers a wide-variety of programs that will empower entrepreneurs to go further faster. By making the right connections and sharing experience, knowledge and resources, we can work together to ensure further growth and success for North Carolina's entrepreneurs.

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## INNOVATORS REPORT

The only scorecard for entrepreneurial activity in North Carolina

As one of the few organizations in the US to compile data on technology-based entrepreneurs and the only organization in the Southeast tracking entrepreneurial activity, CED produces an annual Innovators Report, which is a must-read for investors, entrepreneurs, policy makers, researchers, economic development officials and the general public. CED is continually monitoring the progress of these companies and showcases that activity via this report.

### Engage with CED



CED connects entrepreneurial companies with high-value resources to accelerate business growth. CED services and programs (including Connections to Capital, Venture Mentoring and signature conferences) empower member companies to go further faster.

The CED Network of Partners, Investors and Collaborators fuel tomorrow's success stories by investing in the ecosystem, today.



Visit [CEDNC.ORG](http://CEDNC.ORG) for more information on how you can engage with CED.

"We love being at the conference because CED connected us with all the people we were interested in meeting! With other conferences, we've had to track people down, but CED sends them straight to our booth. It would have taken months of emailing back and forth to set up the number of meetings we've had at this conference without CED's help." -dmanna

Visit our conferences page for all of the latest updates on upcoming Tech and Life Science Conferences.

# Companies Completing Deals

104



Tech

76



Life Science

10



Advanced Manufacturing & Materials

7



Cleantech

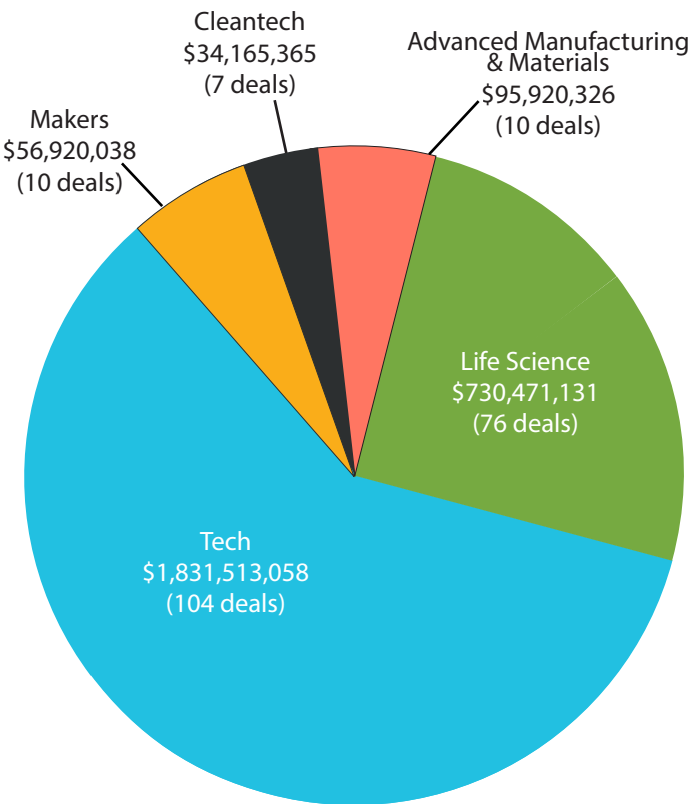
10



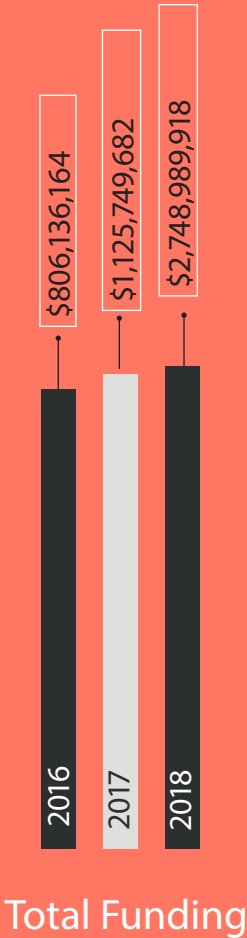
Makers

# A Record Year

North Carolina entrepreneurs raised a record \$2.75B in 2018. The \$1.25B financing of Cary-based Epic Games in October was the largest individual investment since CED began tracking fundraising. In line with overall national trends, the average deal size increased and the total overall deals decreased by 8% to 207.



	2018	2017	2016	2015
Number of Deals	207	224	188	191
Number of Companies	176	173	154	173



# Majority of Activity in Triangle

In an about-face from 2017 when the Charlotte area accounted for nearly 50% of the total venture dollars, in 2018 nearly 90% of funding was deployed in the Triangle surpassing the historical average of 75%. Looking at the number of deals, the Triangle fell in-line at 77%. This means 159 of the 207 deals statewide were with companies in the Triangle.

Funding by Location	
Mountains	\$31,001,120
Triad	\$9,021,196
Charlotte	\$204,450,447
Eastern	\$55,198,602
Triangle	\$2,449,318,553

Durham/RTP  
\$829,165,740

Raleigh/Garner  
\$272,314,759

Cary/Morrisville  
\$1,339,170,664

Chapel Hill/Hillsborough  
\$8,667,390

Deals by Location	
Mountains	12
Triad	10
Charlotte	22
Eastern	4
Triangle	159

Durham/RTP  
73 deals

Raleigh/Garner  
52 deals

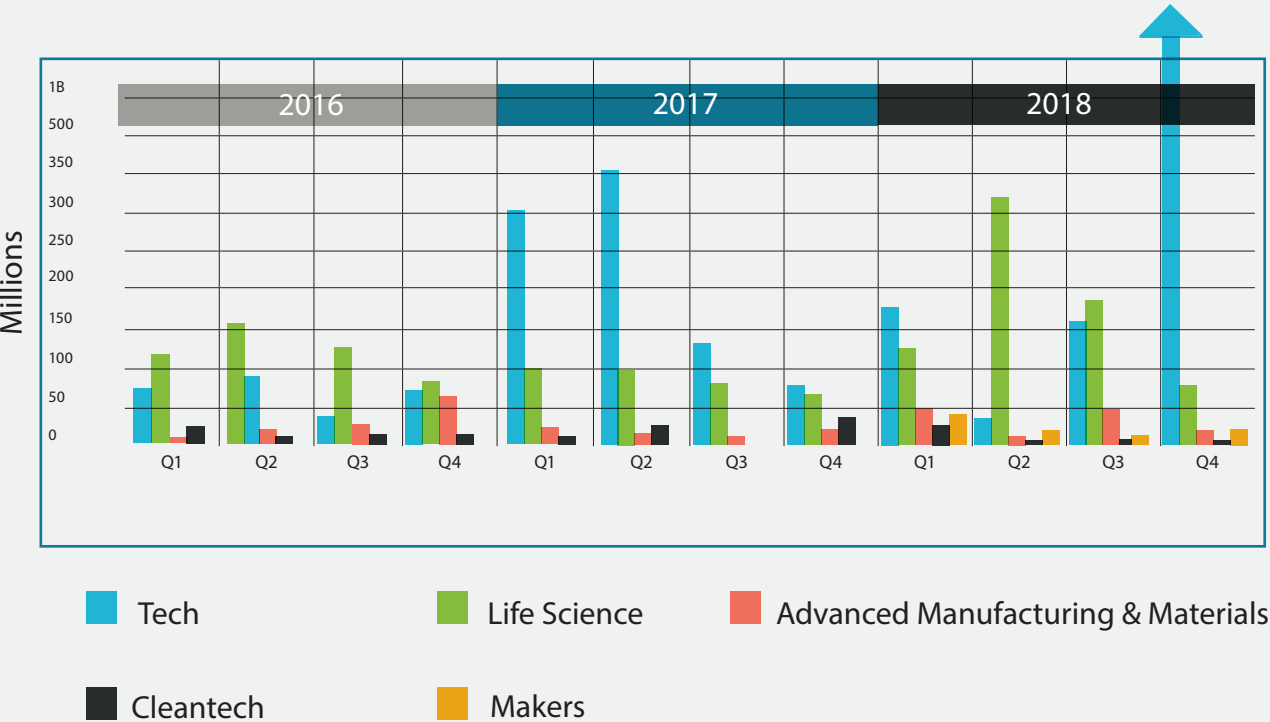
Cary/Morrisville  
23 deals

Chapel Hill/Hillsborough  
11 deals



# Balanced Ecosystem Growth

There was relative balance in ecosystem growth between both life science and technology companies in 2018. Epic Games had the largest private capital raise on record in NC, over a billion dollars, to pace the tech sector. It was a strong year for life science as well, noting raises for Humacyte, Precision Biosciences and Agbiome that included deals for \$50M+.



## Engage with CED

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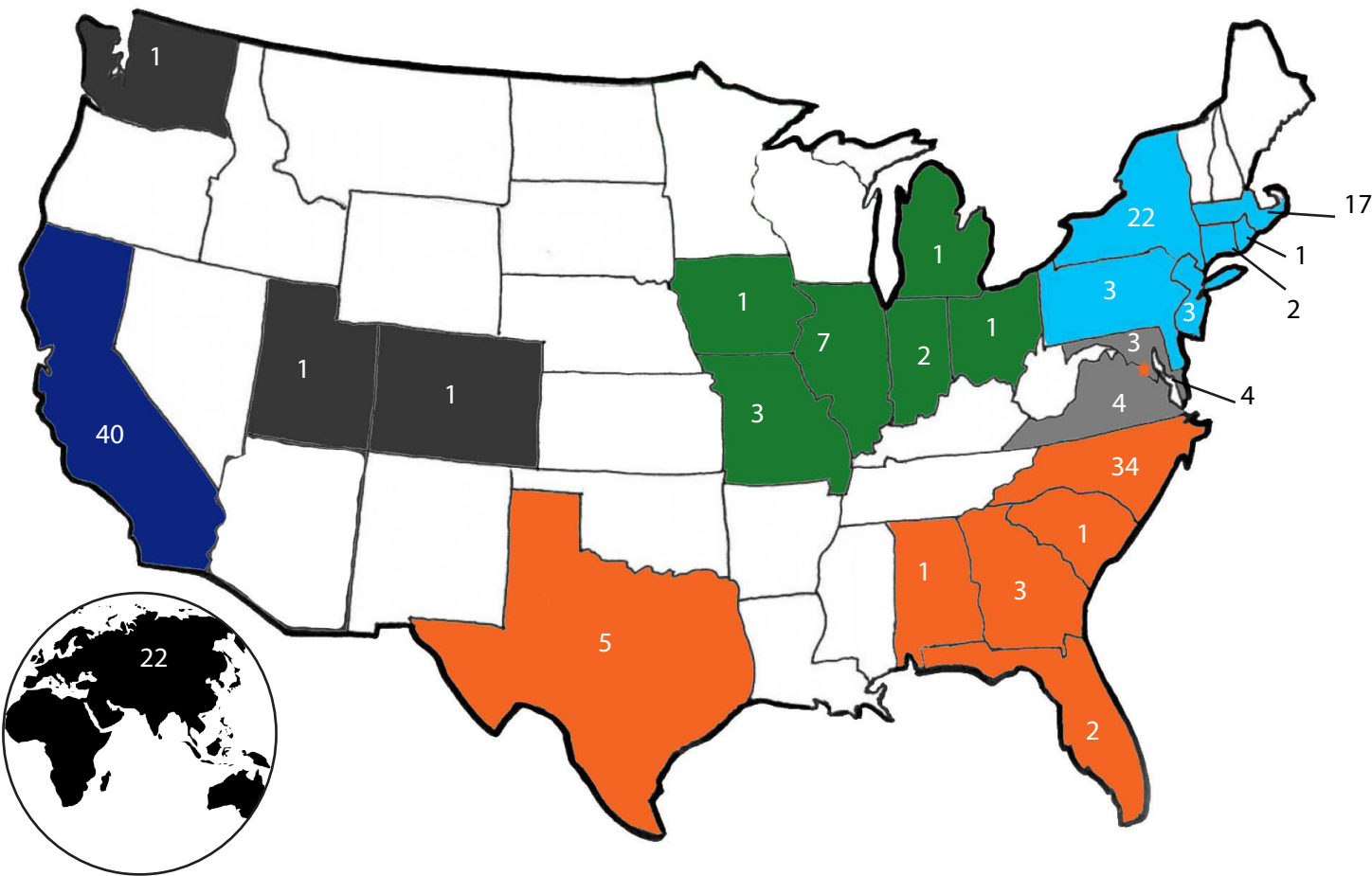
The CED Network of Partners, Investors and Collaborators fuel tomorrow's success stories by investing in the ecosystem, today.

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# Investors

In 2018, CED tracked the highest number of institutional investors in North Carolina to-date with a total of 186 deploying capital in the state. Of note, 22% came from California and 12% came internationally, proving the attractiveness of the ecosystem.

## 186 Unique Institutional Investors



### International Breakdown

Canada	2	Netherlands	1
China	7	Norway	1
Germany	3	Luxembourg	1
Israel	1	Malaysia	1
Japan	1	UK	2
Singapore	1	UAE	1

### Regional Breakdown

Northeast	48
Mid-Atlantic	11
Southeast	46
Midwest	16
West	43
California	40
International	22

# Exits

Historical levels of institutional investor dry powder has created elite competition for deals and pushed private company valuations to the higher end of the spectrum. As a result, companies have a delayed approach to the public market. In evidence, we saw one IPO, one reverse merger and the majority of exits via acquisition.

## IPO



\$50,000,000

## Acquisitions



Bivarus, Inc.  
Castle Worldwide  
DealCloud, Inc.  
Element Genomics  
Eview Technology  
Farmshots  
Hyperbranch Medical  
Technologies  
InspectionXpert  
Corporation



Junxure  
Kalisher  
MercuryGate Intl  
Mission Health  
Noteninja  
Parata Systems  
Pisgah Labs  
PlotWatt



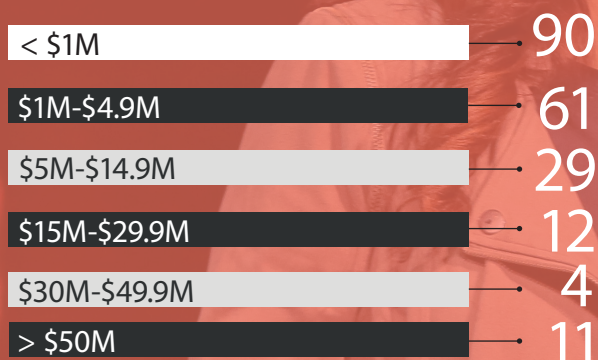
Sageworks  
Savii Care  
Shoeboxed Inc.  
TARGET PharmaSolutions  
Technology Resource Associates  
Transloc  
Viamet Pharmaceuticals  
Windsor Circle  
Youth Digital

## Mergers & Buyouts

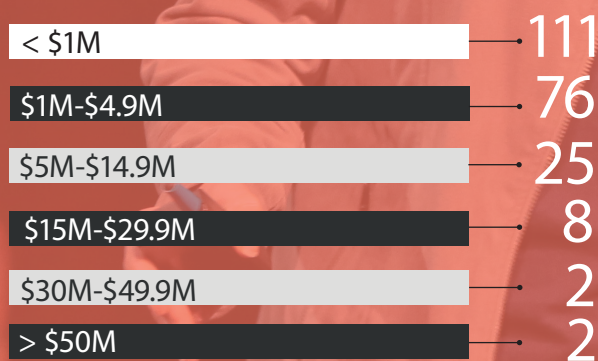
Clinical Ink | Innovate Biopharmaceuticals | Keratin Biosciences, Inc. | XS, Inc.

# Number of Deals by Size

2018



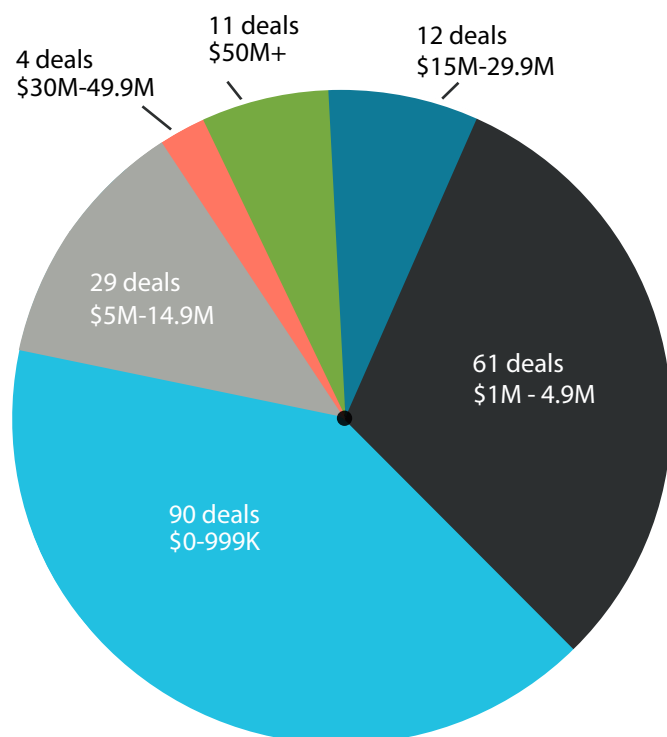
2017



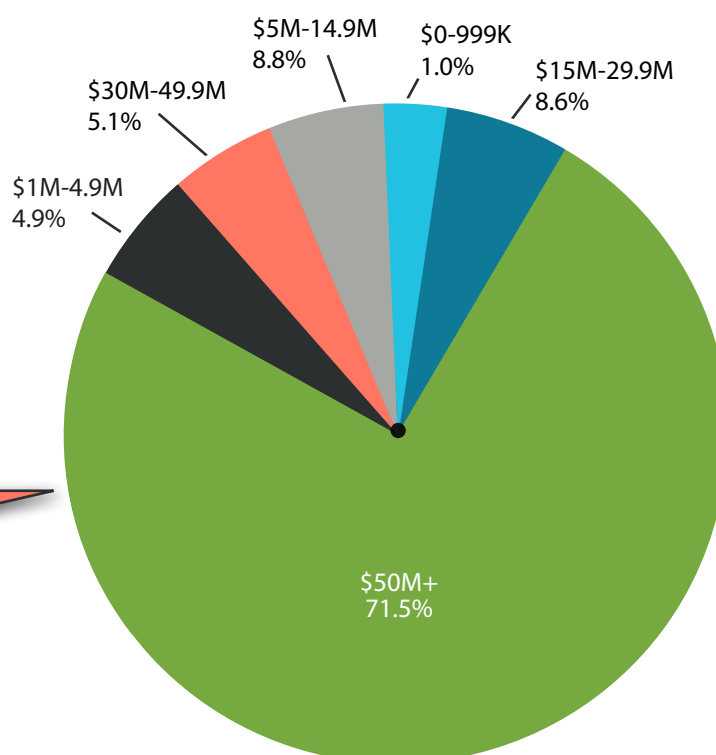
2016



# Increase In Bigger Deals



Number of Deals by Size



Funding by Deal Size

As institutional investors raise larger and larger funds, they must deploy more capital on average into each investment. As that manifests, the tendency has been for larger deals compared to prior years. In 2018, there were more than 5x as many \$50M+ deals with 11 as compared to two in 2017.



CED is a nonprofit organization that provides support to the entrepreneurial community by deploying its own resources and resources from the CED Network of Partners. Donations made directly to CED enable us to track entrepreneurial and investor activity, then report out to you on an annual basis. For information on how you can support the work of CED, please contact us at 919.549.7500 or visit us on the web at [CEDNC.org/Donate](http://CEDNC.org/Donate).

Information obtained from: CED, PitchBook, National Venture Capital Association (NVCA), North Carolina Biotechnology Center, Small Business Technology Development Center (SBTDC), Groundwork Labs NCIDEA, EY, PwC, SBIR.gov.