



# 2019 INNOVATORS REPORT

Tracking North Carolina's Entrepreneurial Activity

600 Park Offices Drive, STE 100  
Research Triangle Park, NC 27709

P: 919.549.7500

[cednc.org](http://cednc.org)

# Accelerate your company's growth

## Contents

Matching Entrepreneurs	1
Companies Completing Deals	2
A Year in Numbers	3
Activity in Triangle	4
Stronger Balance in Ecosystem	5
Investors	6
Exits in 2019	7
Deals by Size	8-9

## INNOVATORS REPORT

The only scorecard for entrepreneurial activity in North Carolina

As one of the few organizations in the US to compile data on tech and life science-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. The Innovators Report allows CED to measure the tremendous developments taking place in North Carolina's entrepreneurial community.

## Matching Entrepreneurs with the Resources they need

The Council for Entrepreneurial Development (CED) was formed in 1984 with the mission of empowering and growing entrepreneurial companies in North Carolina.

CED provides many avenues that support growth. Through high-touch support, educational programs, access to capital and quality connections, we provide the resources that entrepreneurs need to become a success.

**GET SUPPORT** | [cednc.org/get](https://cednc.org/get)

### Connect to Capital

Connects entrepreneurs with potential investors via formal introductions and is responsible for over 300 introductions a year.

### Accelerate Series

An exclusive learning opportunity presented in workshop format with curriculum focused on the functional areas of building and scaling a company.

### Venture Mentoring Service (CED-VMS)

A free, team-based mentoring program developed by MIT and adapted to meet the needs of our entrepreneurs, CED-VMS is responsible for graduating over 200 companies and has clocked over 6,700 hours.

### Venture Connect Summit

We provide valuable connections and programming each year over multiple days at our annual Venture Connect Summit. [cednc.org/venture-connect](https://cednc.org/venture-connect)

**GIVE SUPPORT** | [cednc.org/give](https://cednc.org/give)

### Partner

CED is a community of companies that need support and give support. CED Partners are the resources that provide support, while making an investment to support companies as they build and scale.

### Build

Investments from CED Builders allow us to increase the capacity and overall impact of our programs and services while allowing us to tackle big initiatives that transform the ecosystem.

### Collaborate

Our Collaborators are the foundation of CED. Through knowledge, financial support or both, these are key components to supporting the growth of entrepreneurial companies alongside CED.

CED has a passion for entrepreneurship and a desire to help people build their companies. We have seen the results of creating powerful connections and strengthening our ecosystem through growth. Visit our [website](https://cednc.org) and connect with us today!



The mission at CED is to connect entrepreneurial companies with high-value resources to accelerate business growth.

"I first started using CED in 1995, when we launched SciQuest and it's hard to imagine how we could have grown a simple idea into a public company in just five years without their assistance."

**Scott Andrews/  
Founder/ SciQuest**

# Companies Completing Deals

Total Deals By Sector

Tech

88

Life Science

63

Makers

22

Advanced Manufacturing & Materials

7

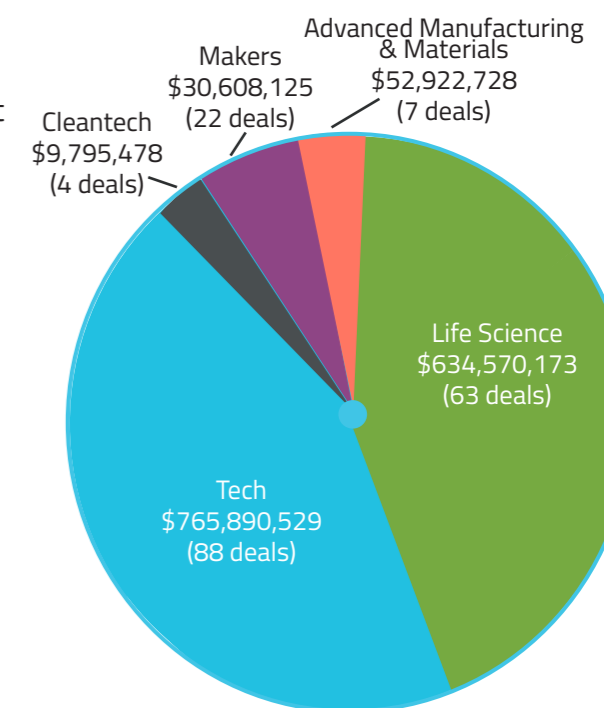
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Cleantech/Greentech

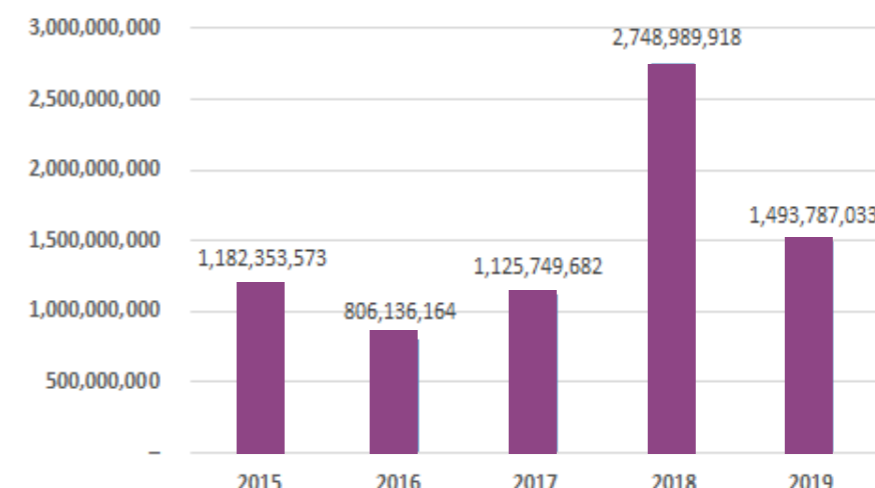
## A Year in Numbers

In 2019, North Carolina entrepreneurs raised nearly \$1.5B in equity funding, the second highest amount over the last twenty years, trailing only the year prior. In fact, in normalizing 2018 by removing the large Epic Games outlier, 2019 almost identically matched 2018.

On the flipside, there were fewer overall deals compared to the year prior, driven largely by less seed stage deals.



## total funding

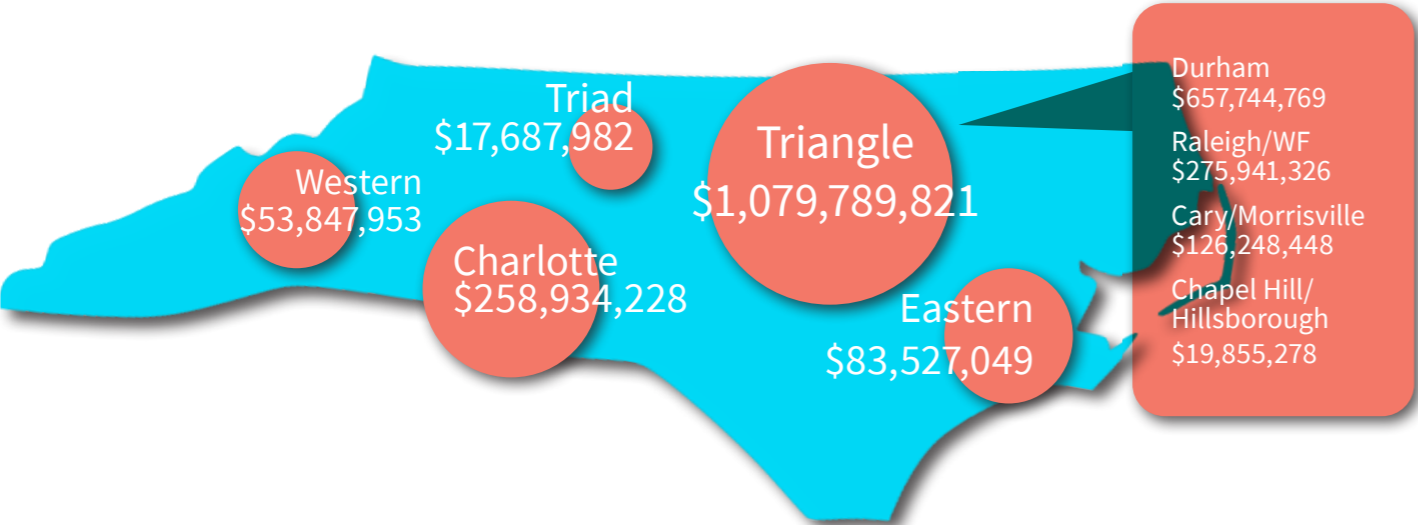


total number of deals

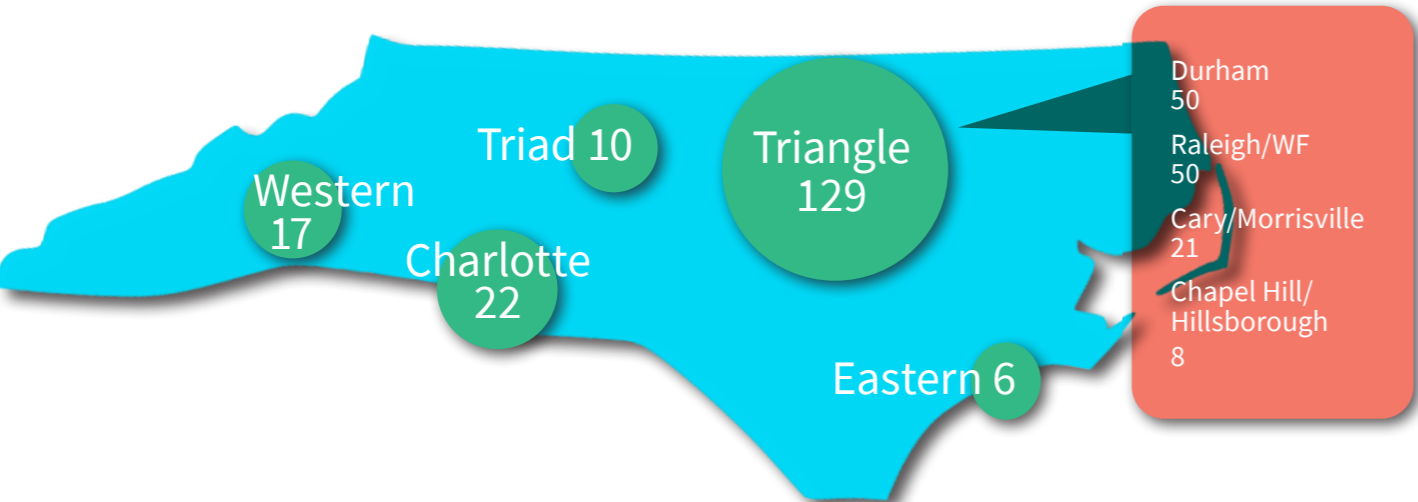
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	2019	2018	2017	2016	2015
Number of Deals	184	207	224	188	191
Number of Companies	146	176	173	154	173
Dollars	1.5B	2.7B	1.1B	806M	1.2B

# Funding by Location



# Deals by Location



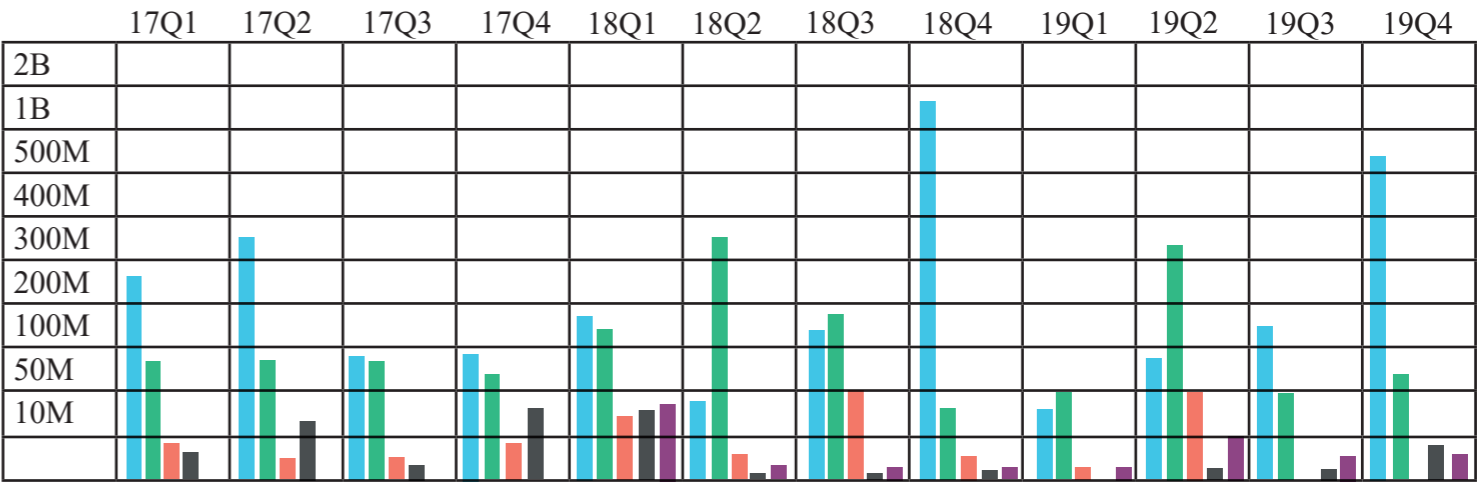
# Majority of Activity in Triangle

As is the case in most years, the bulk of venture investment activity occurred in the Triangle, with the Life Science density in Durham/RTP helping that area raise nearly half of the state's total dollars. Interestingly, there were three Fintech deals over \$75M in each of Charlotte, the Triangle, and Eastern NC with large fundraises for AvidXChange, Spreedly and nCino.

# Stronger Balance In Ecosystem

There was almost perfect balance between the Tech and Life Science sectors in 2019, with each raising nearly \$700M. This result may be an indicator of stronger balance in North Carolina's innovation ecosystem with all sectors seemingly healthy.

From a quarterly perspective Q2 and Q4 are historically the largest quarters, and that remained the case in 2019, with some of the larger deals helping to skew the quarterly splits.



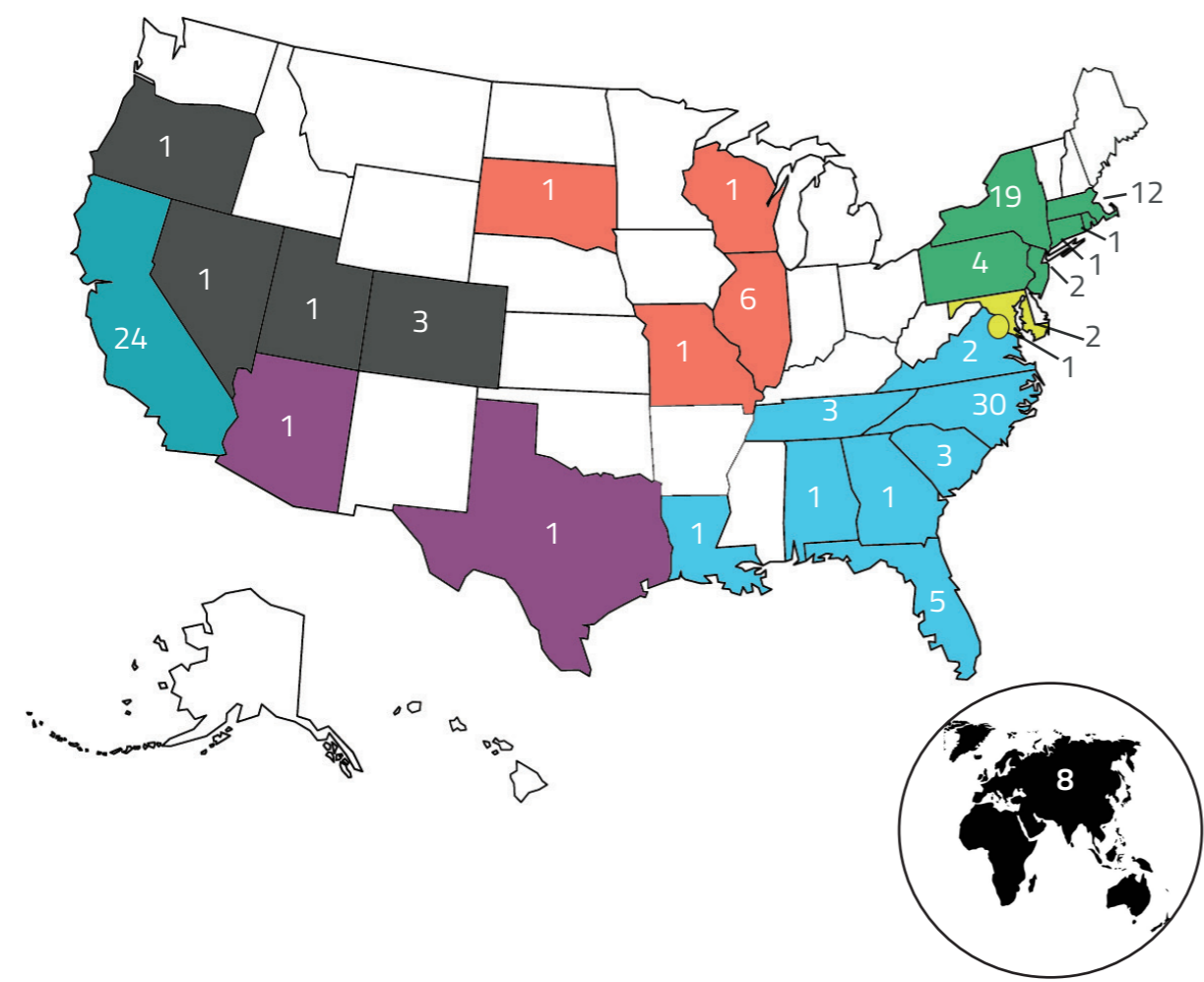
2019	1Q	2Q	3Q	4Q
Tech	24M	71M	138M	532M
LS	98M	316M	94M	126M
AM&M	765K	52M	-	-
CT/GT	-	500K	100K	9M
Makers	8M	10M	6M	6M

2018	1Q	2Q	3Q	4Q
Tech	197M	32M	117M	1.486B
LS	166M	316M	184M	65M
AM&M	26M	5M	50M	14M
CT/GT	30M	2M	290K	2M
Makers	38M	3M	6M	9M

2017	1Q	2Q	3Q	4Q
Tech	270M	325M	116M	73M
LS	68M	69M	70M	64M
AM&M	7M	4M	4M	8M
CT/GT	6M	18M	50K	25M
Makers	-	-	-	-

# Investors

Investors from all over the country have continued to target the Southeast, seeking lower valuations than some of their home markets as well as capital efficiencies for portfolio company operations. Nearly a third of the 137 unique investment funds that did a deal in North Carolina in 2019 came from either California or New York.



International breakdown				Regional breakdown			
Bermuda	1	Netherlands	1	Northeast	39	Midwest	9
Canada	2	Spain	1	Mid-Atlantic	3	West	6
China	1	UK	1	Southeast	46	California	24
Ireland	1			Southwest	2	International	8

# Exits

With larger growth deals (>\$50M) happening more frequently, less companies and their investors have found the desire to sell their businesses. With public markets also not being particularly favorable to recent venture-backed companies, the delayed, or avoided IPO trend has also happened in North Carolina. In 2019, there were only 21 exits, including one IPO among the acquisitions, down from 30 total exits the prior year.



# IPO



"Of all the markets where we have investments, Raleigh Durham stands out as a tremendous incubator of talent, largely due to the work of CED. It is a pleasure being a part of the Raleigh Durham market through our investment in Keen Decision Systems. CED does a tremendous job of coordinating local resources to advance the goals of the business community, connecting the dots between companies, investors and local talent" Jamie Weston, Managing Director of Spring Mountain Capital in New York.

# Deals by Size

	<\$1M	\$1M-\$4.9M	\$5M-\$14.9M	\$15M-\$29.9M	\$30M-\$49.9M	>\$50M
2019	86	53	22	11	4	8
2018	90	61	29	12	4	11
2017	111	76	25	8	2	2

# Funding by Deals by Size

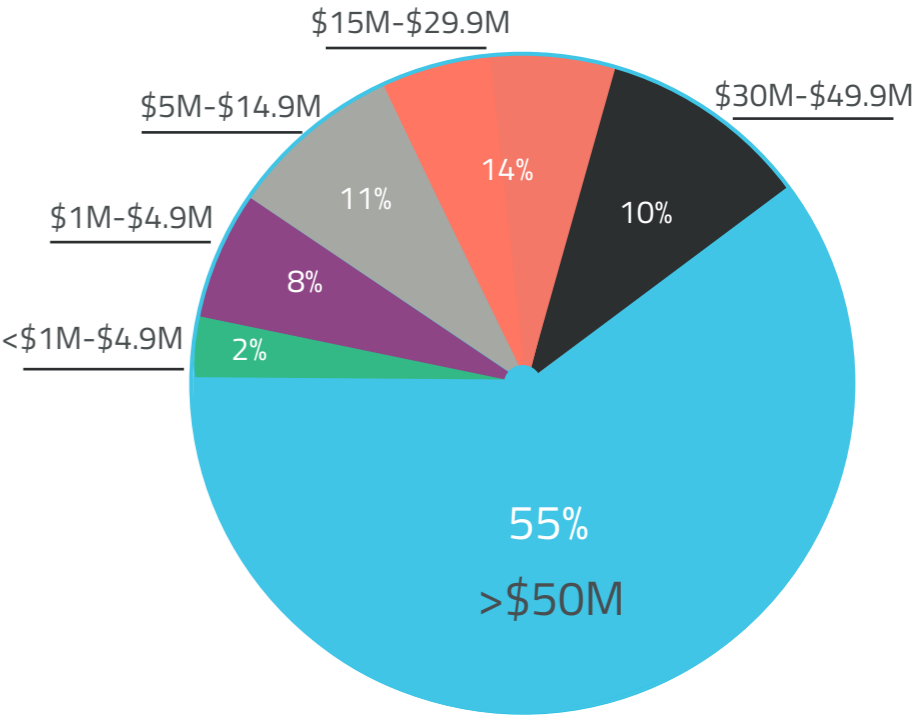
	<\$1M	\$1M-\$4.9M	\$5M-\$14.9M	\$15M-\$29.9M	\$30M-\$49.9M	>\$50M
2019	\$28.4M	\$126.5M	\$170.0M	\$208.6M	\$142.3M	\$825.9M
	1.9%	8.5%	10.8%	14.0%	9.5%	55.3%

# Deal Size Remains Large

As is happening nationally, North Carolina saw fewer overall deals in 2019, but deal size has remained larger than the average over the last five years. While reported seed deals were seemingly down, there was little noticeable change in large follow-on growth equity funding rounds for established venture-backed companies.



“Not only do we have great entrepreneurs coming out of all the local Universities everyday, we have seen an influx of entrepreneurs from other tech hubs moving to the area because of the cost of living, access to talent, and quality of life. This all creates even more deal flow, which is outpacing the availability of institutional seed stage capital.”  
Tim McLoughlin,  
Cofounders Capital



You can  
make a  
difference

The entrepreneurial ecosystem in North Carolina is a result of collaboration of resources across our region. Through financial support and skilled volunteerism, CED is able to make a significant impact. Entrepreneurs, mentors, investors, and business partners all contribute to our success. Learn how you can make a difference: [cednc.org/give/donate](https://cednc.org/give/donate)

Empowering Entrepreneurs to go further faster



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/give/donate](http://CEDNC.org/give/donate).

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