



ESTD • 1984

# North Carolina's Venture Report

2023 FUNDING INSIGHTS  
AND ENTREPRENEURIAL ACTIVITY

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North Carolina 27709

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# A letter from our sponsor...

Friends,

Although capital raises are often challenging, raising venture capital in 2023 was particularly difficult. Deployed capital dollars were down in North Carolina, in line with a trend that was reflected across the country. Having come off the highs of 2020–2022, founders and entrepreneurs felt this decrease even more, but it ultimately reflects an adjustment that will make the market healthier in the long run. Encouragingly, the venture market continues to be strong, with venture funds having raised new capital throughout 2023 that will help build tomorrow's innovations.

Entrepreneurs today are laser-focused on getting the most value for each dollar. More disciplined capital investing leads to more efficient operations and calculated risk-taking, and this deliberate execution in turn creates robust, sustainable, and highly valuable enterprises. Alexandria Venture Investments, the strategic venture capital platform of Alexandria Real Estate Equities, Inc., is seeing this discipline prove out in our existing portfolio and new company investments, which are led by passionate and focused entrepreneurs who are building incredible enterprises.

As CED's 2023 Venture Report shows, funding in North Carolina was down to 2019 levels. Yet a strong case can be made that North Carolina's total financing numbers have been historically underrepresented, given that funding is credited only to the state where a company is headquartered. When companies with significant North Carolina presence that are raising large rounds are taken into account — such as Indigo Ag and Kriya Therapeutics, which in 2023 announced \$250M and \$150M financings, respectively — North Carolina's leadership becomes apparent.

At Alexandria Venture Investments, we continue to invest in and support transformative companies. Our overall mission is unchanged, and our passion for transformative early-stage companies is demonstrated through our venture investments and Alexandria LaunchLabs® platform, both of which have an active presence in North Carolina. Together, we look forward to continuing to accelerate the innovative research of North Carolina's companies in their pursuit to advance human health and improve nutrition.

With gratitude,

**Blake Stevens, PhD**

Vice President – Science & Technology



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# Connecting high-growth startups with the resources they need to scale

The Council for Entrepreneurial Development (CED) was formed in 1984 with the mission of empowering and growing technology startups in North Carolina. Over the decades, CED has been the leader in providing quality, curated support for scalable, venture backable companies with a high propensity for success.

Our support is delivered by local founders, operators, investors, and business leaders united by their commitment to growing the startup ecosystem in North Carolina.

**Signature Programs** include, but are not limited to:

**CONNECT TO CAPITAL** service makes over 1,000 quality, curated direct introductions between founders, investors, and other resources annually.

**GRO INCUBATOR** is a twelve-week incubator program focused on customer discovery and helping founders and their startups find product market fit.

**VENTURE CONNECT** is North Carolina's premier capital conference showcasing over 150 companies annually that are scaling in North Carolina.

In 2023, CED delivered support to 668 companies across North Carolina. Our team and engaged network delivered over 5,700 hours of consultative support to address scaling challenges by leveraging peer sharing tactics, private strategy sessions and direct intros to subject matter experts.

CED is a community of founders and operators, investors, and ecosystem collaborators that are aligned by efforts to nurture the rise of the next generation of emerging giants in science and technology headquartered in North Carolina.

Visit our website and connect with us today.  
[www.cednc.org](http://www.cednc.org)

## Celebrating 40 Years

of supporting and  
growing the Triangle



**CED**  
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# Companies Completing Deals

TOTAL DEALS BY SECTOR

126

TECH

54

LIFE SCIENCE

12

ADVANCED MANUFACTURING & MATERIALS

11

CLEANTECH / GREENTECH

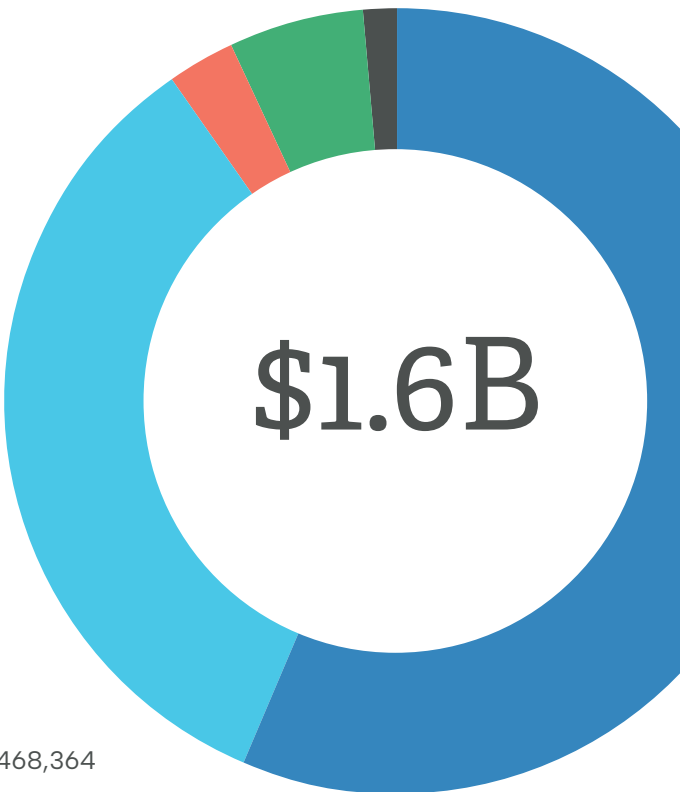
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MAKERS



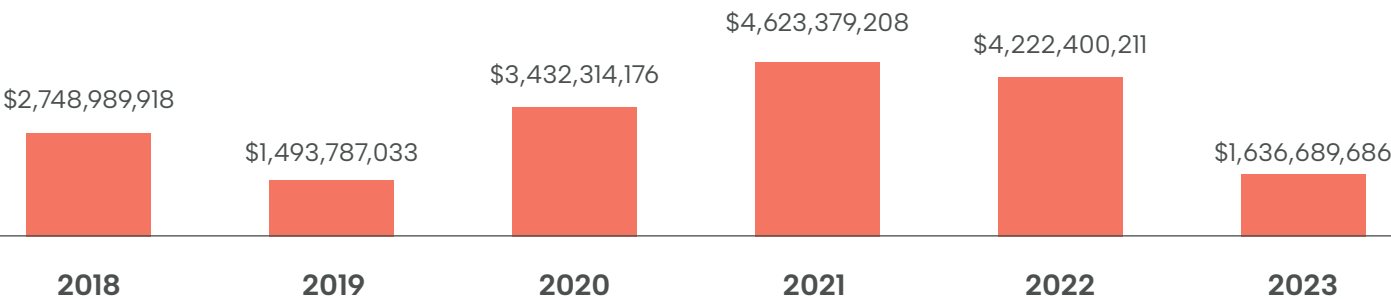
# The Year in Numbers

In 2023, North Carolina experienced a notable decline in the total dollars raised compared to the previous three years, although the \$1.6B total still surpassed the funding levels seen in 2019. This decrease was particularly significant as no mega-deals were closed during the year to skew the numbers, and there were fewer large (\$50M+) deals overall. While the total transaction count also decreased, it did not decline at the same magnitude as the dollars raised. Notably, the floor has been raised in terms of annual venture fundraising expectations, with \$1 billion or more now being considered the minimum level for the state—a testament to the growing maturity and competitiveness of North Carolina’s entrepreneurial ecosystem even in challenging macroeconomic conditions.



- Tech | \$926,443,342
- Cleantech / Greentech | \$90,468,364
- Life Science | \$554,852,542
- Makers | \$19,498,332
- Advanced Manufacturing & Materials | \$45,427,106

## Total Funding

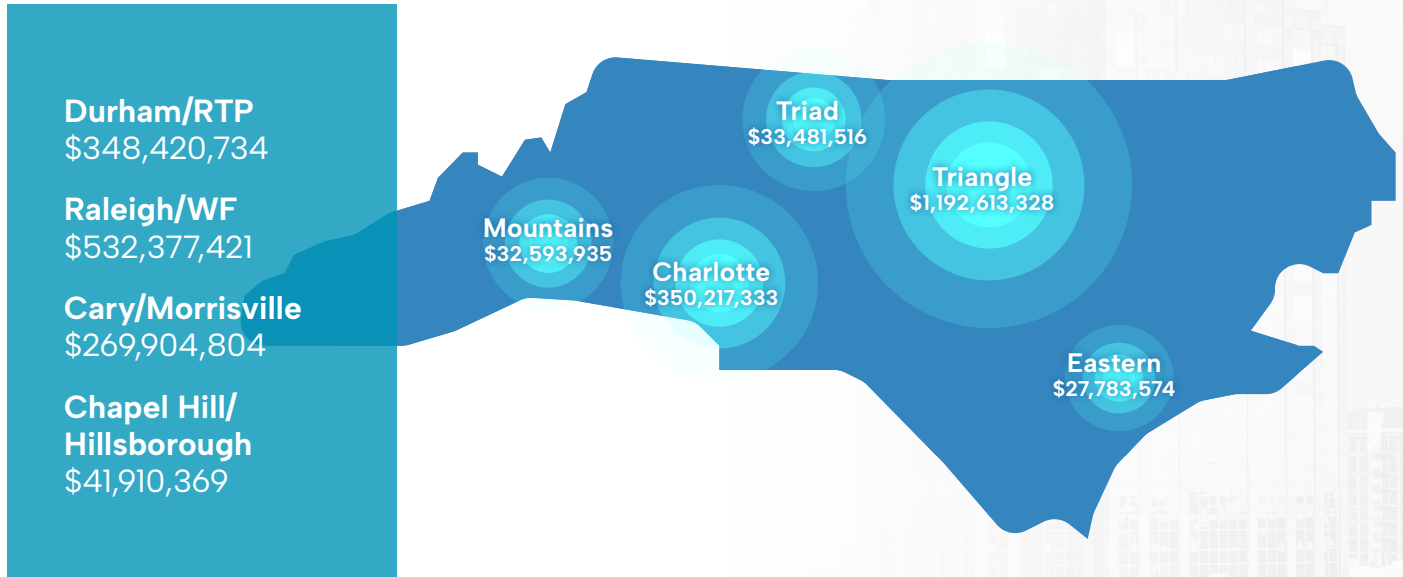


	2023	2022	2021	2020	2019	2018
Number of Deals	214	269	250	223	184	207
Number of Companies	198	246	222	187	146	176
Dollars	\$1.6B	\$4.2B	\$4.6B	\$3.4B	\$1.5B	\$2.7B

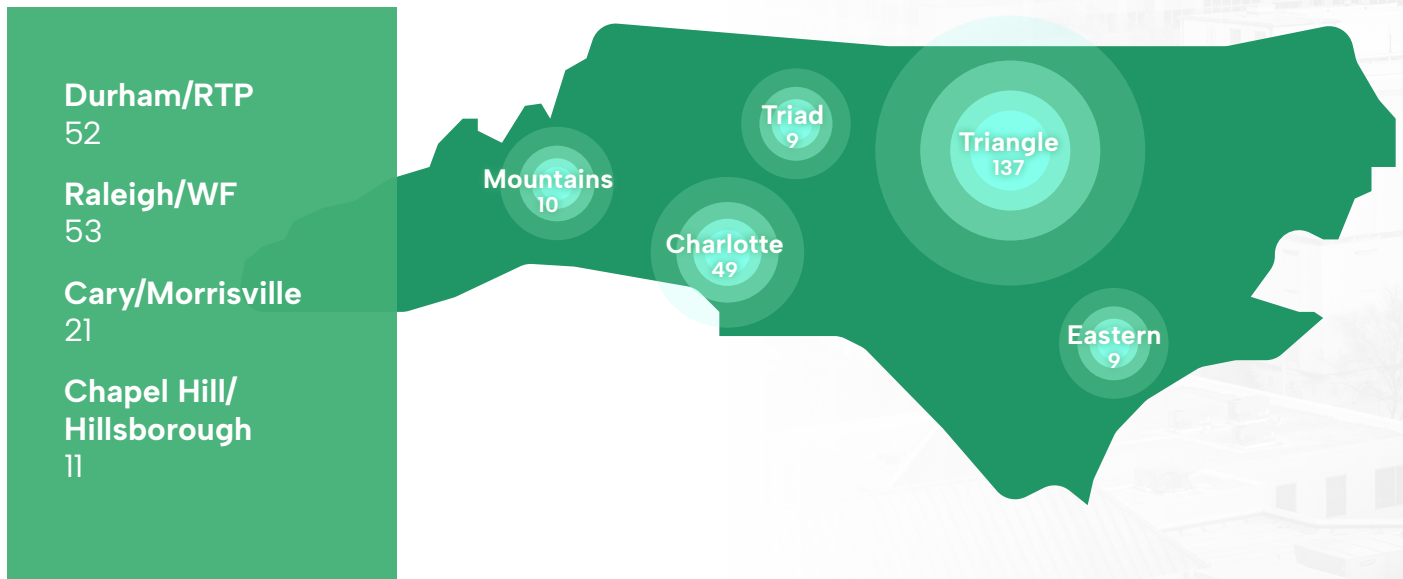
Total Number of Deals

214

# Funding by Location



# Deals by Location





# Triangle Still Leads, but Charlotte Surging

The Triangle region maintained its position as the dominant hub for entrepreneurial activity in North Carolina in 2023, accounting for the highest share of deals at 64%, although this figure represented a slight decrease compared to previous years.

Conversely, Charlotte experienced a surge in deal activity, capturing 23% of the state's total deals, signaling its growing significance in the startup ecosystem. Despite the rise of Charlotte, the Triangle region performed even stronger on a dollar basis, commanding a robust 73% share of total funding in 2023.

Notably, two of the largest deals in the state were based in Charlotte (Medshift and Cirba Solutions) underscoring the city's steady growth as an importance center of innovation.

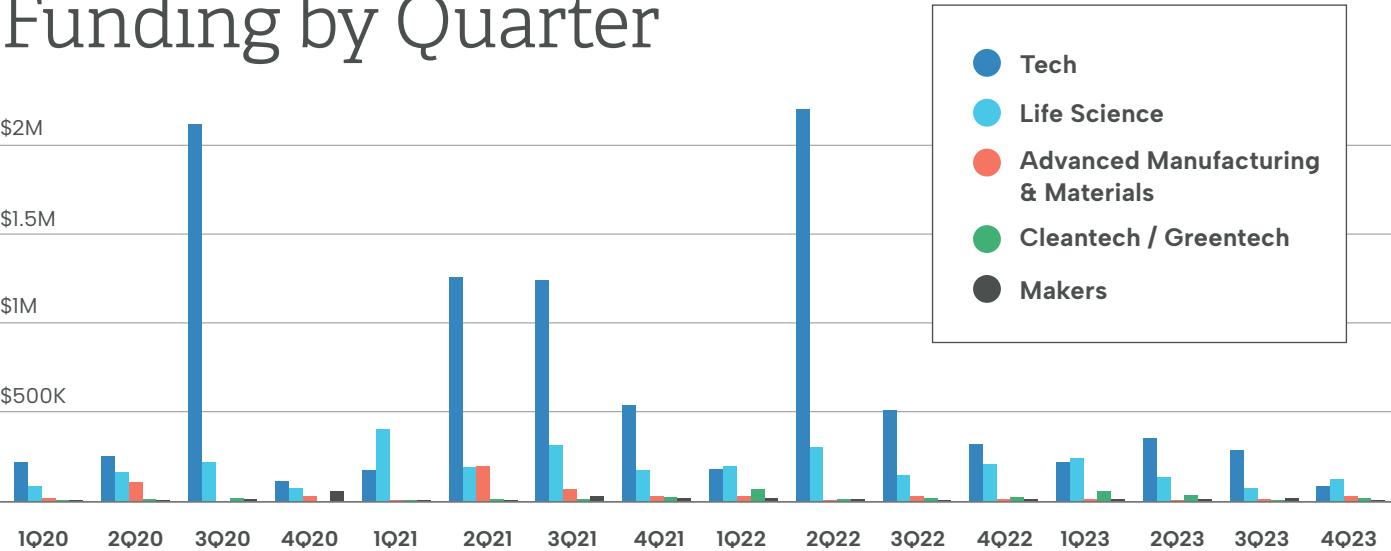
# Tech Remains King

Momentum in funding was strongest during the first half of the year, highlighted by the nearly identical performance across the first two quarters. Unlike previous years, there seemingly was no end-of-year rush to finalize transactions, potentially leading some deals to be pushed into 2024.

While all sectors experienced declines compared to 2022 levels,

the Cleantech sector maintained a steady pace and remained elevated relative to previous years. Notably, the largest deal in North Carolina was within the Life Sciences sector (Pathalys). However, the Tech deals continued to attract the most significant funding in the state, accounting for more than half of the dollars raised.

## Funding by Quarter



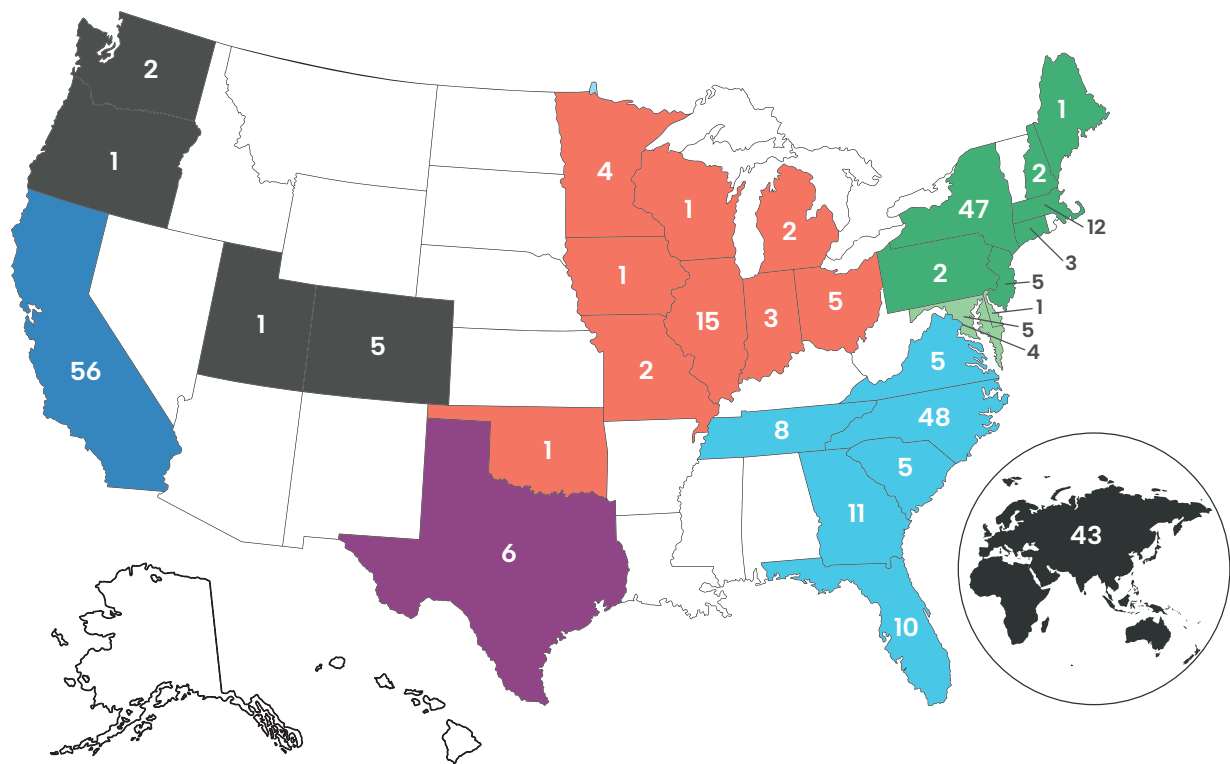
	2023				2022				2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Tech	218M	348M	283M	77M	178M	2B	508M	316M	167M	1B	1B	539M
LS	238M	131M	66M	120M	195M	299M	140M	200M	402M	188M	310M	172M
AM&M	7M	3M	8M	27M	23M	823K	22M	6M	1M	195M	65M	21M
CT/GT	50M	29M	1M	10M	66M	7M	14M	15M	2M	5M	6M	16M
Makers	5M	4M	9M	1M	11M	5M	1M	9M	3M	4M	23M	12M



# International Influx of Capital

Despite a 20% decrease in total deal count across North Carolina in 2023, the composition of the investor landscape remained remarkably stable, with the total number of groups investing in the state experiencing minimal change. The Northeast and Southeast regions continued to be the most active sources of investors, reflecting a continued interest in North Carolina’s entrepreneurial opportunities. Moreover, the year saw a record number of international investors entering the

state’s investment scene, representing 19 countries and further diversifying the funding ecosystem while establishing the state as a global hub of innovation. Amidst these developments, established players such as the Triangle Tweener Fund, Alexandria Venture Investments, and Cofounders Capital maintained their positions as key pillars of the entrepreneurial ecosystem, retaining their status as some of the most active investors in the region.



## INTERNATIONAL BREAKDOWN

BHR	1	IND	3	NED	4
BRZ	2	ISR	1	NZ	1
CAN	4	ITA	1	SGP	2
CAY	1	JPN	3	Spain	1
CHE	2	KOR	3	UK	9
CHN	2	MEX	1		
DEN	1	MON	1		

## REGIONAL BREAKDOWN

Northeast	72	Midwest	34
Mid-Atlantic	10	West	9
Southeast	87	California	56
Southwest	6	International	43

# Exits



Acquisition



Merger



Buy Out

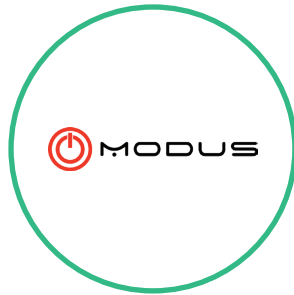


IPO

In addition to the shifts in funding dynamics, North Carolina also experienced a slowdown in the pace of exits in 2023, mirroring national trends. This deceleration can be attributed to several factors, including the impact of high interest rates, which have made buyouts and acquisitions more expensive for potential investors. Additionally, the allure of public listings has waned as a result of these heightened costs, contributing further to the slowdown in exit activity. This trend reflects broader economic conditions and underscores the challenges faced by companies seeking to capitalize on their growth through strategic exits. Despite these headwinds, there were still notable transactions, such as Fortrea's spinoff from Labcorp and the buyout of Syneos Health.







# Deals by Size

	<\$1M	\$1M-\$4.9M	\$5M-\$14.9M	\$15M-\$29.9M	\$30M-\$49.9M	>\$50M
2023	71	68	49	15	5	6
2022	95	79	52	25	8	10
2021	89	74	45	19	7	16

# Funding by Deals by Size

	<\$1M	\$1M-\$4.9M	\$5M-\$14.9M	\$15M-\$29.9M	\$30M-\$49.9M	>\$50M
2023	\$22M	\$163M	\$393M	\$327M	\$189M	\$543M
	1.3%	9.9%	24.0%	19.9%	11.6%	33.2%

“

North Carolina is home to several of the fastest-growing cities in the U.S. and a rapidly growing, dynamic startup ecosystem that continues to impress, excite, and gain the attention of investors and leading global corporations alike. NC offers a unique blend of resources and culture with all the right ingredients for startups to thrive. Consistently recognized as a top place to live, work, and do business, North Carolina is a priceless gem. Its vibrant economy, coupled with a low cost of living relative to other startup markets, continue to make it an attractive location for entrepreneurs and investors primed with unparalleled opportunity for investment and innovation.

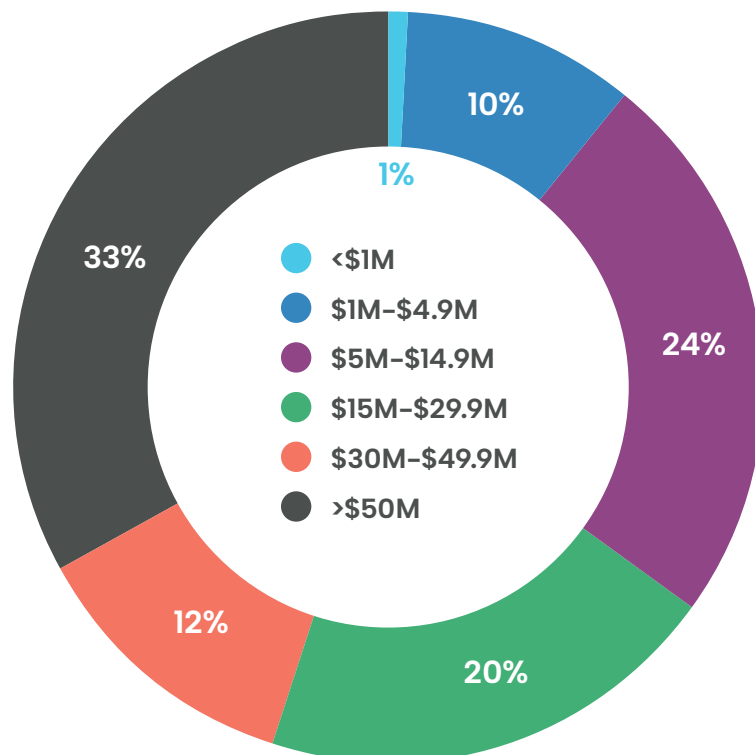
– LIZ KELLY, PAPPAS CAPITAL



# Mid-Size Venture Deals Keep Pace

In 2023, North Carolina witnessed a slight decrease in transactions across the board, regardless of deal size. This trend was particularly pronounced in deals exceeding \$50 million, with the 40% downturn having the most impact for overall funding levels across the state. Despite this challenging landscape, an intriguing development emerged as deals ranging between \$5 million and \$15 million managed to maintain pace with the record-breaking trends observed in the preceding three years. This resilience within the mid-range deal segment suggests a degree of stability and opportunity for larger growth deals if those markets open up in the near future.

## Funding by Deal Size



### 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)



# VENTURE CONNECT

CONNECTING COMPANIES WITH CAPITAL AT SCALE

MARCH 20-21, 2024



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ATTENDEES

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

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