

### Q1 2018 - Valuations Continue to Rise in the New Year

#### Commentary from Matthew Howard of Norwest Venture Partners

**On his market outlook:** Overall, I am extremely bullish as technology continues to be a major contributor



to the US economy, and I do think disruptive technology and business models will continue to change many aspects of health-care, consumer and enterprise opportunities.

**On valuations:** With so much capital deployed over the past several years, valuations seem to have cooled for some companies needing more time to get aligned with the "rule of 40" metrics.

**On exit routes:** I expect, based on 2016 and 2017 data, that more often than not, companies will go the M&A route.

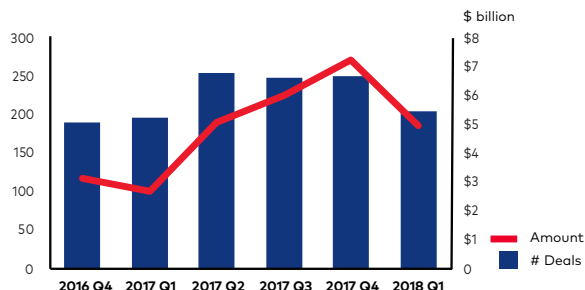
**On M&A:** Q1 2018 saw a huge increase in the tech M&A market from non-tech buyers. Transactions led by non-tech buyers nearly tripled from Q4 2017.

Read Cooley's full interview with Matthew Howard on Cooley GO. [cooleygo.com](http://cooleygo.com)

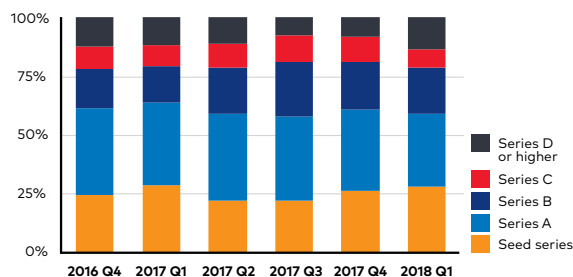
In the first quarter of 2018, both deal volumes and aggregate dollars raised remained robust, though slowing from the torrid final quarters of 2017. In Q1 2018, Cooley handled 205 disclosable deals representing more than \$4.9 billion of invested capital.

During Q1, median pre-money valuations continued to rise to record levels. We witnessed an increase in median pre-money valuations across all deal stages, with the exception of Series C transactions. Valuations for Series A deals hit levels not seen in 14 years of reporting. Up rounds remained at high levels, as 83% of transactions were up rounds during the quarter. We also saw a decrease in transactions structured in tranches across all industries.

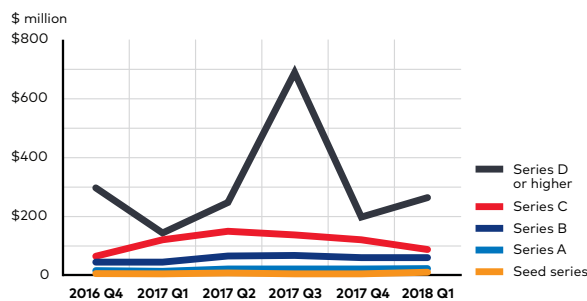
Total Deal Volume and Aggregate Dollars Raised



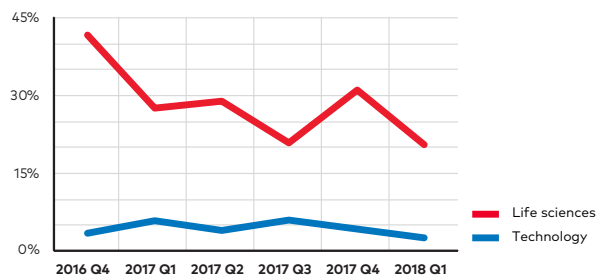
Deal Breakdown



Median Pre-Money Valuation



Tranched



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### About the Cooley Venture Financing Report

This quarterly summary provides data reflecting Cooley's experience in venture capital financing terms and trends. Information is taken from a subset of the transactions in which Cooley served as counsel to either the issuing company or investors. For more information regarding this report, please contact one of our Cooley lawyers.

### About Cooley

Cooley's lawyers solve legal issues for entrepreneurs, investors, financial institutions and established companies. Clients partner with Cooley on transformative deals, complex IP and regulatory matters, and bet-the-company litigation, often where innovation meets the law.

Cooley has 900+ lawyers across 13 offices in the United States, China and Europe.

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