

### Q3 2021 - Deal Volumes Moderate as Terms Continue to Favor Companies

#### Q&A with Merritt Hummer of Bain Capital Ventures



**On valuations and later-stage investments:** "As a growth investor, I believe the valuation environment puts a bigger onus on us to make the right calls on investments. ... We have to make sure we are picking winners who will grow into and beyond their valuations."

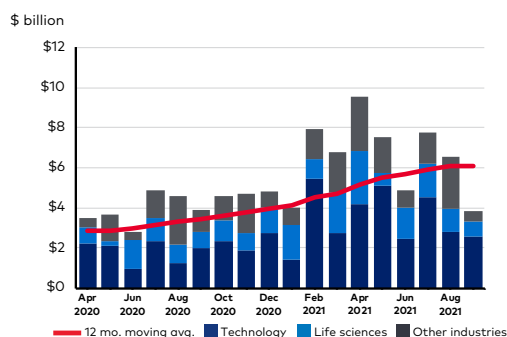
**On the Bain Capital Ventures platform:** "Everyone on the Bain Capital Ventures team is laser-focused on one or two sectors. ... Because we spend a lot of time in our areas, we like to think we can disproportionately support and contribute to the success of our portfolio companies."

**On embedded marketplaces:** "We believe that the future of vertical SaaS will be defined by embedded financial services and embedded marketplaces. ... We are seeing embedded marketplaces pop up everywhere – in software for construction, spas and salons, restaurants, financial institutions ... the list goes on."

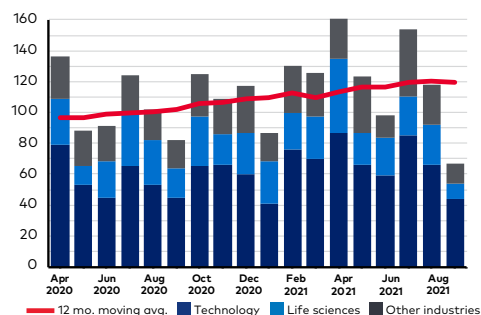
Read the full interview on Cooley GO.  
[cooleygo.com](http://cooleygo.com)

The third quarter of 2021 continued to support a strong financing environment, as we have witnessed throughout the year. In Q3, Cooley handled 339 disclosable deals representing more than \$18.1 billion of invested capital. While slightly lower than recent prior quarters, this is still robust compared to historical trends. Median pre-money valuations remained strong during the quarter, and we saw significant valuation increases in Series A and B rounds. Of note, 47% of transactions had a median pre-money valuation greater than \$100 million. Similarly, the percentage of transactions that were up rounds reached another notable level, as 97% of transactions during the quarter were up rounds.

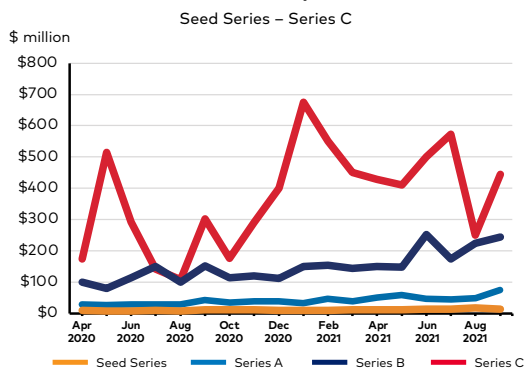
Amount Raised



Deal Volume



Median Pre-Money Valuation



For more venture financing trends, view our interactive data visualization on Cooley GO: [cooleygo.com/trends](http://cooleygo.com/trends)

Deal terms in Q3 continued a company-friendly trend, as we have seen throughout the year. For example, only about 3% of transactions involved the sale of fully participating preferred stock, the percentage of transactions that included a recapitalization declined, and a smaller percentage of our life sciences deals included tranching. Q3 did show a slight uptick in the utilization of pay-to-play provisions – but even with that increase, only approximately 3% of our disclosable deals incorporated those structures.

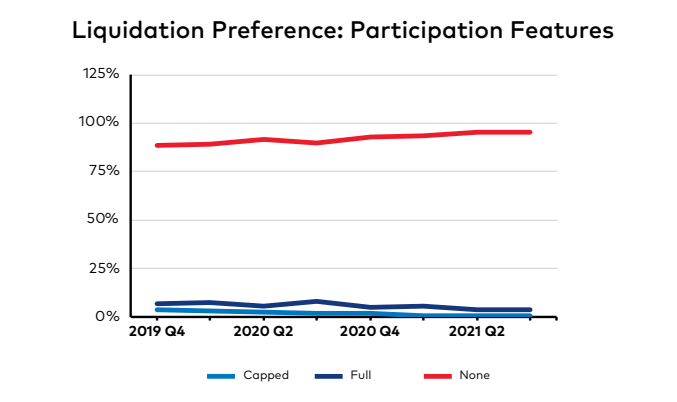
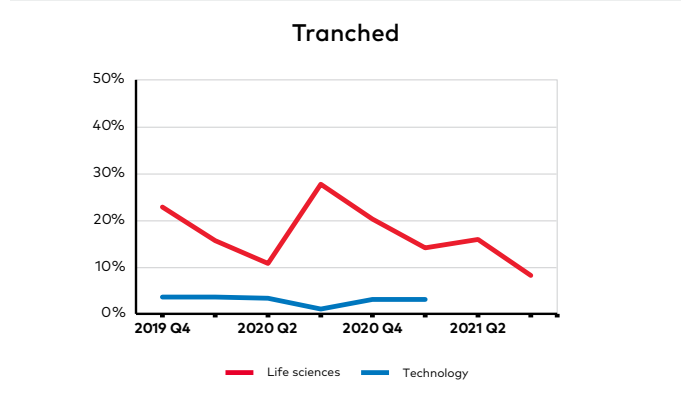
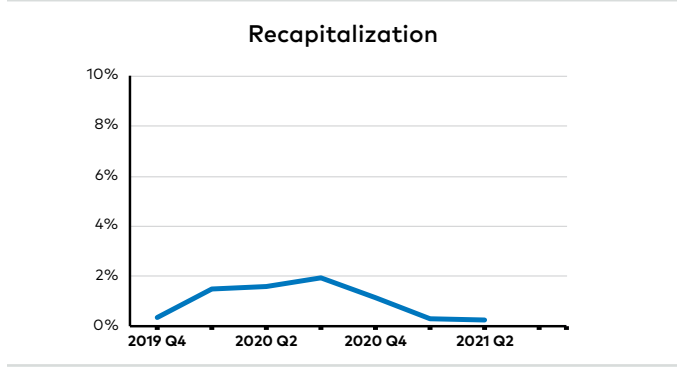
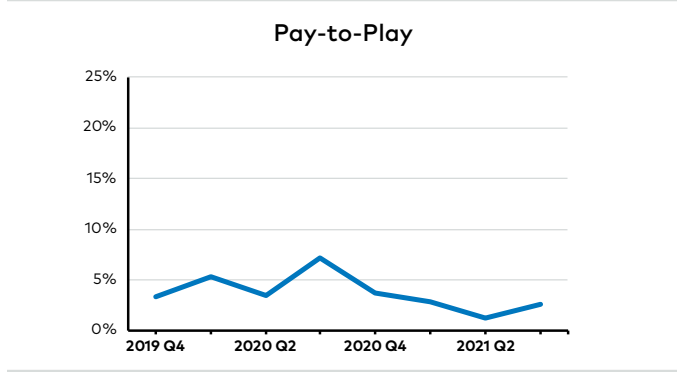
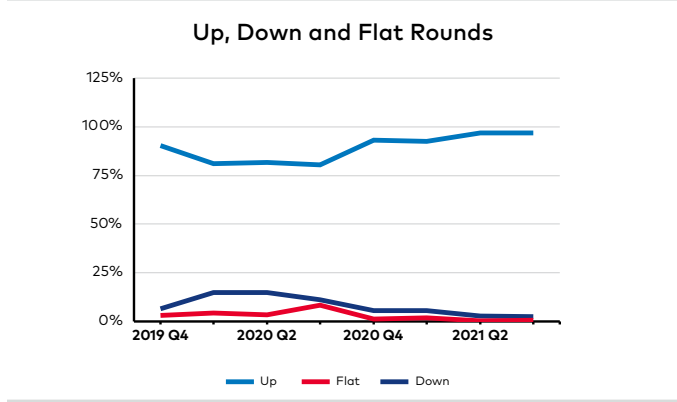
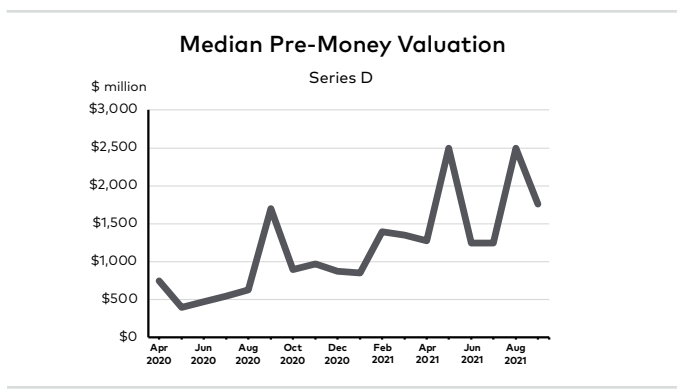
According to PitchBook’s Q3 2021 Global League Tables, we **advised clients on more company-side VC deals** – in the US and globally – and US venture capital deals than any other law firm. To stay up to date on the latest industry insights and founder resources, visit [Cooley GO](#).

### Spotlight on life sciences

After a surge in deal volumes in Q2, Cooley handled 61 disclosable life sciences-focused deals in Q3 2021, representing more than \$3.5 billion of invested capital. Though deal volume was down relative to Q3 2020, the dollars raised represented a 25% increase relative to the same quarter of 2020. Of note, the percentage of life sciences deals structured in tranches decreased to just over 8% of transactions in Q3. This represented a marked decrease from prior quarters, which may be a sign of investor optimism in the sector. To view more details on life sciences trends, use the “Life sciences” filter in our interactive data visualization tool. [cooleygo.com/trends](#)

### Spotlight on tech

In a continuation of robust trends seen throughout the year, Cooley handled 195 disclosable technology sector deals in Q3 2021, representing more than \$9.9 billion of invested capital. Deal volume was more than 19% higher relative to Q3 2020. Aggregate dollars raised in Q3 2021 increased 77% relative to Q3 2020. To view more details on technology deal trends, use the “Technology” filter in our interactive data visualization tool. [cooleygo.com/trends](#)



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### About the Cooley Venture Financing Report

This report 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

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