What does investment in blockchain look like?
2013–2019

Author: Joel John
Head of Research: Lawrence-Lundy-Bryan
$23.7 Billion raised by 3738 Blockchain Companies Since 2013

Early Stage Fundraising High in Count, but follow on rounds Few and Scarce

75% of All Deal Flow Focused Only On Early Stage Rounds
AI and FinTech emerge as key focus areas

AI 33.8%
Fin Tech 14.7%
Analytics 10.9%
Apps 10.7%
B2B 7.8%

Note: Sample size of 737 companies without focus on Bitcoin, Cryptocurrencies
Source: Crunchbase
2019 will see 9X more blockchain deals than 2013

Note: Deals include ICOs, Debt, PE and Grants
Source: Crunchbase
Early stage financing is a competitive business

The high frequency of early stage financing could indicate seed stage rounds closing quicker. This in turn could lead to a lack of much needed value added services investors could bring on board.

Source: Crunchbase
Easy Capital Does Not Warrant Ecosystem Success

2018 witnessed roughly 130 times the funding 2013 had but in terms of a user-base, the ecosystem has not produced a similar growth pattern.

Total raise per year in US$ millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Raise</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>108</td>
</tr>
<tr>
<td>2014</td>
<td>557</td>
</tr>
<tr>
<td>2015</td>
<td>816</td>
</tr>
<tr>
<td>2016</td>
<td>329</td>
</tr>
<tr>
<td>2017</td>
<td>4,217</td>
</tr>
<tr>
<td>2018</td>
<td>13,694</td>
</tr>
<tr>
<td>2019 H1</td>
<td>3,718</td>
</tr>
</tbody>
</table>

Note: Deals include ICOs, Debt, PE and Grants
Source: Crunchbase

Outlier Ventures
Early stage financing in the form of **seed**, **angel** and **pre-seed** backing constitute of **75%** of all deals in the ecosystem today...

Note: Sample size of 737 companies without focus on Bitcoin, Cryptocurrencies

Source: Crunchbase

- **SEED**: 55%
- **Angel**: 9.6%
- **Pre-Seed**: 9.0%
- **Series A**: 12.8%

Outlier Ventures
...and seed stage raises are quite healthy in size

The average seed stage firm building for blockchains raises $1.18 million.
Series A is the ultimate chasm to cross

Series A constitutes of only 12.8% of all funding rounds

Source: Crunchbase

Outlier Ventures
Deal frequency is still dependent on Bitcoin pricing.

Token returns determine investor appetite for backing blockchain companies.

Source: Crunchbase, Investing.com

Outlier Ventures
Too much capital at early stages
Firms that raise seed capital raise an average of $1.18 million, a figure that is in sync with web 2.0 peers.

Chasing companies that are ill-prepared for follow on rounds
The mortality rate of blockchain companies are high due to challenges stemming from regulations, a lack of traction and access to investors that fund firms post series B
With misaligned incentives
The after effects of the ICO mania is becoming increasingly evident as startups struggle to optimally allocate capital raised or fine-tune themselves for growth.

Lack of market expertise
The high number of rounds at early stages mean institutional investors stick to investing increasingly on later stage firms with proven traction and product market fit. This leaves teams with the potential to be unicorns at the mercy of a handful of early stage financiers who bring nothing more than a cheque to the table.
Where you are headquartered matters

The United States has more funded blockchain companies than the next 3 countries combined together.

Note: Data specific to early stage financing for blockchain companies between 2017 and 2019.

Top 10 Countries

1. United States: 420
2. United Kingdom: 78
3. China: 68
4. Singapore: 46
5. Canada: 34
6. Switzerland: 26
7. Germany: 25
8. Hong Kong: 23
9. India: 19
10. Spain: 18
But cities are beginning to change the trend

Sandboxes set up in London and Singapore make them attractive for startups in Europe and South-East Asia to raise from.

Top 10 Countries

Note: Data specific to early stage financing for blockchain companies between 2017 and 2019. Source: Crunchbase
London emerging as a hub for seed raises

Roughly $1 billion has been raised by companies here since 2013

Count of funding type
London

Note: Data specific to early stage financing for blockchain companies between 2017 and 2019. Source: Crunchbase

Outlier Ventures
Build a better internet

Base Camp Open Data Accelerator
Apply before 15th August
outlierventures.io/base-camp