

The word "FENWICK" is written in a bold, white, sans-serif font in the top left corner of the page. The background of the top half of the page is a dark blue, abstract image featuring a grid of white lines and several glowing, multi-colored (orange, yellow, blue) vertical bars that resemble a candlestick chart or data visualization.

# FENWICK

Fenwick & West  
Silicon Valley Venture Capital  
*Flash Report*

First Quarter 2020

# Fenwick & West Silicon Valley Venture Capital

## *Flash Report*

### First Quarter 2020

Cynthia Clarfield Hess, Mark Leahy, Barry Kramer and Khang Tran

This survey is a special interim report to highlight changes in the Silicon Valley venture capital environment in light of the COVID-19 pandemic.

To facilitate analysis we are providing information on a monthly basis, rather than the typical quarterly basis. We are also providing monthly data for the comparable period in 2019. Please note that when using a shorter time period for reporting (i.e., monthly versus quarterly), the possibility of statistical anomalies increases.

## Overview

The most notable changes we saw in the Silicon Valley venture environment in the first quarter of 2020 was a reduction in the number of financings, and a decline in financing price increases, as the quarter progressed.

In January 2020 there were 126 venture financings in Silicon Valley. This was the largest number of venture financings in a single month in at least five years, and close to twice the 65 financings per month averaged in 2019. The number of financings declined to 60 in February 2020 and declined further to 44 in March 2020. For comparison purposes there were 61 venture financings in March 2019. It is likely that we will learn of a few more March 2020 venture financings later in April due to delayed reporting.

The increase in January may have been due to increased concern about the economy, partly due to the growing effect of COVID-19 in China, and a resulting desire to complete financings as soon as possible. December 2019 was also a relatively light month with only 54 financings, so it's possible that some December financings slipped into January. The decline in March financings probably reflects both some pulling forward of deals into earlier months as well as a slow down in new deals due to the pandemic and related economic uncertainty, offset in part by a desire in March to complete financings as quickly as possible to make sure existing companies were adequately capitalized for the uncertain times ahead.

There was a small decline in the number of up-rounds over the course of the quarter, from 81% in January and February to 73% in March. By comparison, March 2019 had 76% up-rounds.

More notably, the Fenwick & West Venture Capital Barometer, which measures the per share price change in a company's current financing compared to its prior round, showed that while the average price increase in January 2020 was 117%, it declined to 76% in February 2020 and declined further to 46% in March 2020. By comparison, the average price increase in March 2019 was 63%. Similarly, the median price increase of financings in the quarter declined from 68% in January to 59% in February to 30% in March, and was 64% in March 2019.

We did not see a significant change in non-price terms in the first quarter of 2020. During past significant economic downturns we have typically seen an increase in terms like senior/multiple liquidation preference, ratchet anti-dilution and pay-to-play provisions. These terms will bear watching in the coming months.

## Detailed Results

The following charts focus on the results discussed above. More detailed charts will be provided in our complete Silicon Valley Venture Capital Survey First Quarter 2020 to be issued in the next couple weeks.

There were 230 venture financings in Silicon Valley in the first quarter of 2020 and 185 in the first quarter of 2019.

### Number of Financings by Series

Series	January-20	February-20	March-20	Total Q1 2020
Series A	47	28	14	89
Series B	31	12	13	56
Series C	26	8	6	40
Series D	9	6	3	18
Series E and Higher	13	6	8	27
<b>Total All Series</b>	<b>126</b>	<b>60</b>	<b>44</b>	<b>230</b>

Series	January-19	February-19	March-19	Total Q1 2019
Series A	21	18	20	59
Series B	10	15	14	39
Series C	11	11	11	33
Series D	6	9	7	22
Series E and Higher	12	11	9	32
<b>Total All Series</b>	<b>60</b>	<b>64</b>	<b>61</b>	<b>185</b>

Series	January-20	February-20	March-20	Total Q1 2020
Series A	37%	47%	32%	39%
Series B	25%	20%	30%	24%
Series C	21%	13%	14%	17%
Series D	7%	10%	7%	8%
Series E and Higher	10%	10%	18%	12%

Series	January-19	February-19	March-19	Total Q1 2019
Series A	35%	28%	33%	32%
Series B	17%	23%	23%	21%
Series C	18%	17%	18%	18%
Series D	10%	14%	11%	12%
Series E and Higher	20%	17%	15%	17%

## Price Change

<b>Price Change</b>	<b>January-20</b>	<b>February-20</b>	<b>March-20</b>	<b>Total Q1 2020</b>
Up	81%	81%	73%	79%
Even	8%	0%	14%	7%
Down	11%	19%	13%	14%

<b>Price Change</b>	<b>January-19</b>	<b>February-19</b>	<b>March-19</b>	<b>Total Q1 2019</b>
Up	85%	83%	76%	81%
Even	8%	4%	12%	8%
Down	8%	13%	12%	11%

## Average and Median Price Increase

<b>Percent Price Increase</b>	<b>January-20</b>	<b>February-20</b>	<b>March-20</b>	<b>Total Q1 2020</b>
Average	117%	76%	46%	94%
Median	68%	59%	30%	55%

<b>Percent Price Increase</b>	<b>January-19</b>	<b>February-19</b>	<b>March-19</b>	<b>Total Q1 2019</b>
Average	58%	97%	63%	75%
Median	33%	72%	64%	56%

## About our Survey

The Fenwick & West Venture Capital Survey has been published quarterly since the first quarter of 2002. Its goal is to provide information to the global entrepreneurial and venture community on the terms of venture financings in Silicon Valley.

The survey is available to all, without charge, by signing up at [www.fenwick.com/vcsurvey/sign-up](http://www.fenwick.com/vcsurvey/sign-up). We are pleased to be a source of information to entrepreneurs, investors, educators, students, journalists and government officials.

Our analysis of Silicon Valley financings is based on independent data collection performed by our lawyers and paralegals, and is not skewed toward or overly representative of financings in which our firm is involved. We believe that this approach, compared to only reporting on deals handled by a specific firm, provides a more statistically valid and larger dataset.

This survey consists of priced equity financings of companies headquartered in Silicon Valley that raised at least \$1 million from venture capitalists or other professional investors during the applicable time period. Subsequent closings of financings are only treated as new financings if they occurred at least six months after the initial closing. For purposes of determining whether a company is based in "Silicon Valley" we use the area code of the corporate headquarters. The area codes included are 650, 408, 415, 510, 925, 916, 707, 831 and 209.

## Contact Information

For additional information about this report please contact Cynthia Hess at 650.335.7238; [chess@fenwick.com](mailto:chess@fenwick.com), Mark Leahy at 650.335.7682; [mleahy@fenwick.com](mailto:mleahy@fenwick.com), or Barry Kramer at 650.335.7278; [bkramer@fenwick.com](mailto:bkramer@fenwick.com) at Fenwick & West.

---

### Disclaimer

The preparation of the information contained herein involves assumptions, compilations and analysis, and there can be no assurance that the information provided herein is error-free. Neither Fenwick & West LLP nor any of its partners, associates, staff or agents shall have any liability for any information contained herein, including any errors or incompleteness. The contents of this report are not intended, and should not be considered, as legal advice or opinion. To the extent that any views on the venture environment or other matters are expressed in this survey, they are the views of the authors only, and not Fenwick & West LLP.

© 2020 Fenwick & West LLP

**FENWICK**