

2016



Growth Ventures

# STARTUP BAROMETER

For the past several months, we've heard talk in Silicon Valley and speculation in financial circles about a slowdown in startup funding and growing caution from venture capitalists who are wary of the plight of "unicorns" and the unpredictable performance from a few high-profile IPOs. In our second Capital One Growth Ventures *Startup Barometer* – a semi-annual survey of technology startup owners and decision-makers – we went straight to the source to understand how tech startups are faring and what they are doing to ensure long-term success in the face of a less-than-ideal fundraising environment.

## FUNDRAISING AND FINANCES

Despite the challenges in the current fundraising environment, most tech startups remain optimistic.

How would you describe the current fundraising climate for your company?

16.7%

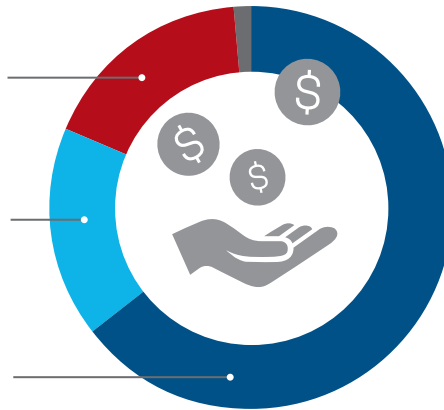
"I think it is a **difficult** time to be raising funds for my startup."

17.3%

"I think it is a **neutral** time to be raising funds for my startup."

64.7%

"I think it is a **positive** time to raise funds for my startup."



“

Out of necessity, VC firms are becoming more selective about where they invest, but the most promising and innovative startups will continue to be rewarded. A challenging economic climate can prove to be fertile ground for great companies who take a 360-degree view of their business and plan for the long term.”

**JAIDEV SHERGILL**  
Capital One Growth Ventures  
Managing Partner

57.3%

of tech startups surveyed have altered their fundraising plans due to the current economic / fundraising climate.

31.3% Raised / will plan to raise a **smaller** round

12.7% Decided to **delay** fundraising

13.3% **Accelerated** fundraising plans

At a time when venture capitalists are being cautious about the rate and level at which they invest in new companies, tech startups must stretch their dollars.

40.7% 

of tech startups we surveyed said that they have been advised by their boards to make budgetary cuts or cut down on expenses over the last six months.

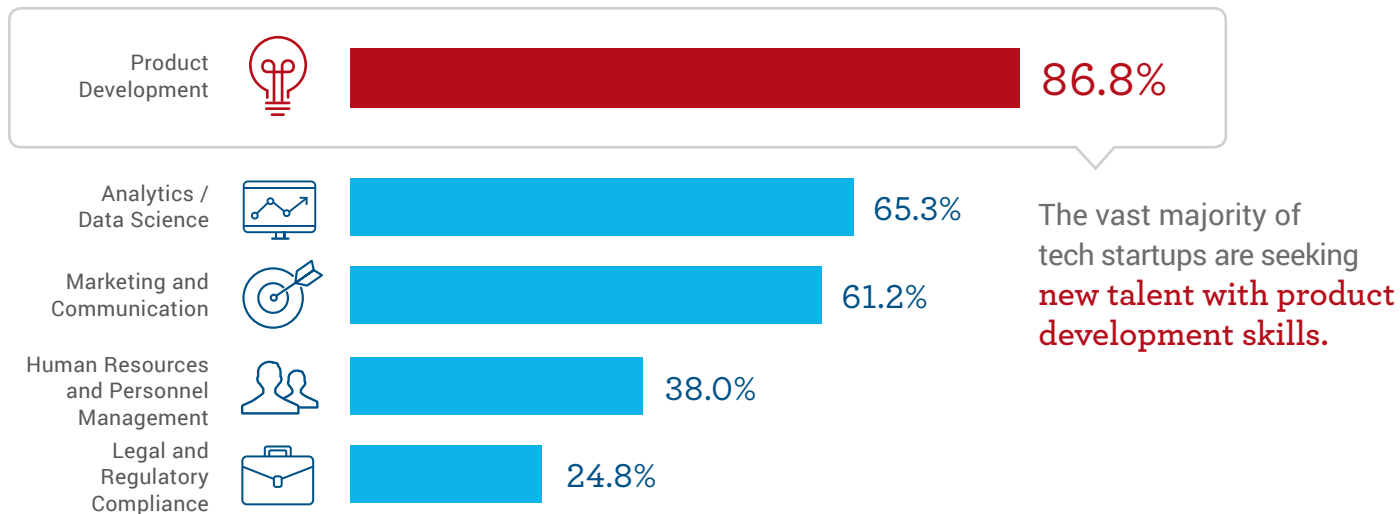
# THE STATE OF TECH STARTUPS

Tech startups are investing in their businesses and planning for continued growth.



**80.7%** are planning to hire in the next six months

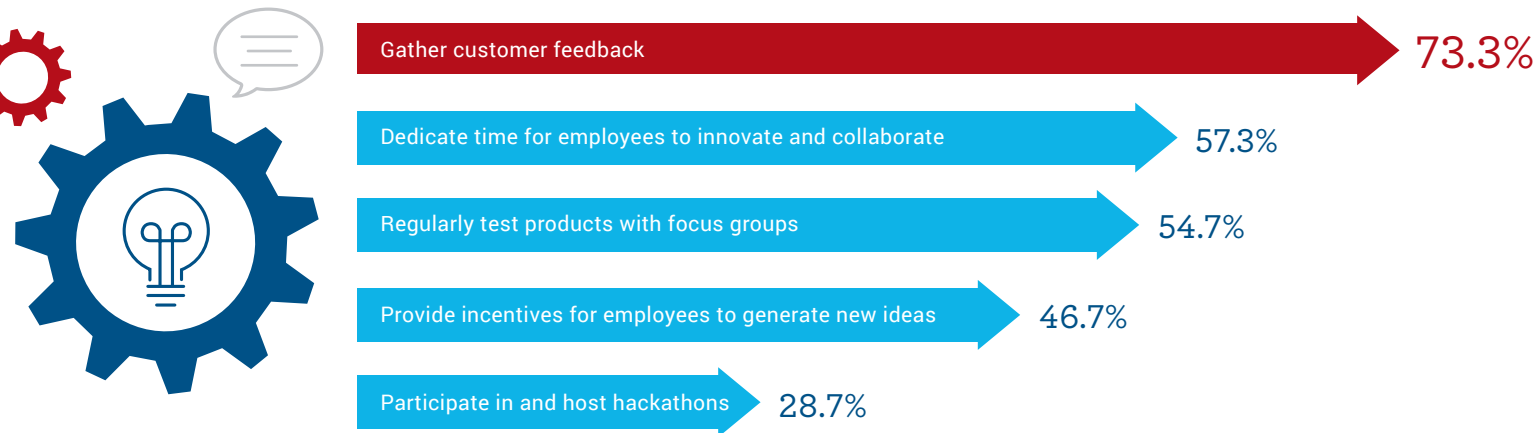
They are seeking out skills in...



## DRIVING INNOVATION

Three in four tech startups rely on customer feedback and input to drive product innovation.

We asked tech startups what they do to drive innovation, improve products and spark ideas.

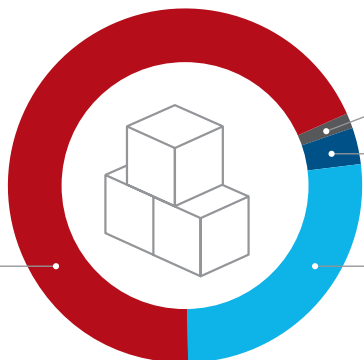


# PLANNING FOR GROWTH

A thorough and well-articulated business plan can open doors with investors.

Do you have a business plan / economic model for your company?

68.7% Yes

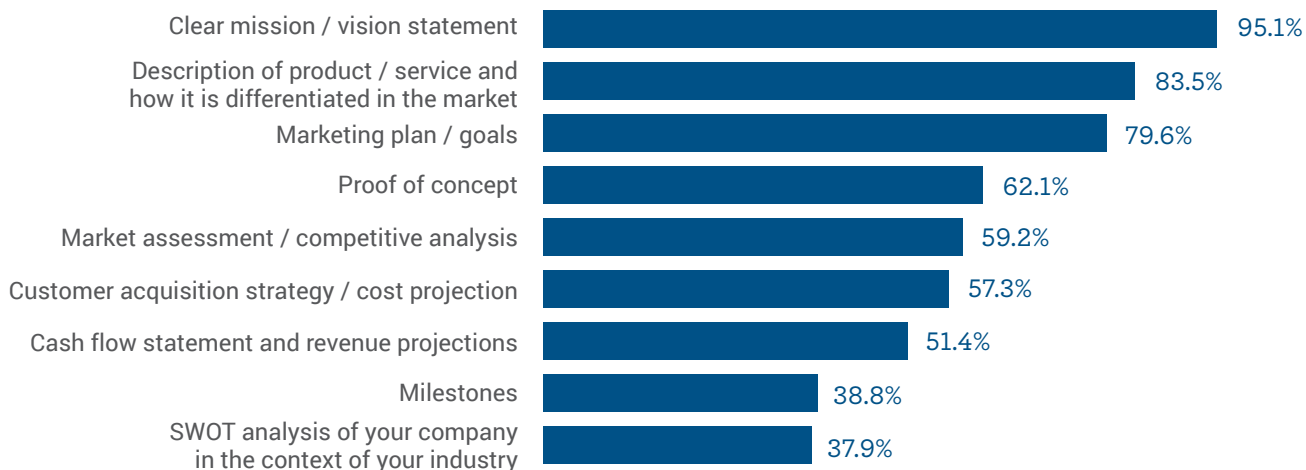


1.3% Unsure / Don't Know

3.3% No

26.7% We're Working On One

We asked tech startups with business plans in place which components of an 'ideal' business plan they have clearly defined and are ready to share with investors.



## WORKING WITH STRATEGIC INVESTORS

More than half of tech startups expect investors to create useful connections to a network of industry leaders and experts.

As we found in the fall 2015 Barometer, tech startups are most likely to expect commercial relationships (61.3%) and connections (52.0%) when working with an investor.

### Expectations of an Investor

61.3%

Commercial relationship / Financing

52.0%

Connections

44.0%

Guidance / Mentorship

41.3%

Industry Expertise

36.0%

Access to Scale



A background graphic consisting of a network of interconnected nodes and lines, resembling a molecular or data network structure. The nodes are represented by small circles of varying shades of gray, and the lines are thin, light gray lines connecting these nodes. The overall effect is a complex, web-like pattern that fills the page.

## SURVEY METHODOLOGY

The findings reported in this release are from a survey conducted by the opinion research firm, Survey Sampling International (SSI), global provider of data solutions and technology. SSI interviewed a sample of 150 decision-makers (including CEOs, CIOs, COOs, owners and presidents) from for-profit technology startups in the U.S. Technology startups are defined as those that have been in business for 5 years or less and meet a set of industry- and product-specific criteria. The survey was conducted online from February 25, 2016 – March 9, 2016. Online surveying was conducted using SSI's online sample.

## ABOUT CAPITAL ONE GROWTH VENTURES

**Capital One Growth Ventures (COGV)** is the venture investing arm of Capital One, with offices in San Francisco and New York. COGV invests across data, security, payments, and financial technology, and seeks opportunities to build unique strategic relationships that benefit both startups and Capital One customers.



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