

State of the Market: What Private Companies Need to Know

Before the JOBS Act of 2012, it was difficult for venture-backed companies to increase market presence, access liquidity, and raise capital without filing for an initial public offering (IPO). But organizations now stay private longer, sparking an evolution within the private secondary market landscape.

THE JOBS ACT: A TIPPING POINT

BEFORE 2012

Average age of high-growth tech companies filing for IPOs

4-5

years of incorporation¹

2017

Median age of a technology company at IPO

11

years²

VCS ACCELERATE MARKET VALUE

The VC community is helping bolster the valuation and market positioning of private companies.

198

years of incorporation³

300+

Number of unicorns* worldwide⁴

DEAL SIZE GROWS

Companies are staying private longer—a median of nine years for Nasdaq Private Market (NPM) clients. VCs are investing more capital into private companies at every stage due in part to company mandates for growth (at every stage) as well as higher investment demand from the buy side.

Median deal size among early-stage companies

22.9%

increase year-over-year⁵

Aggregate capital invested in late-stage VC rounds

148.1%

increase year-over-year⁶

VC ACTIVITY MOVES BEYOND SILICON VALLEY

2013-2017

64%

of NPM clients based in California⁷

2013-2017

80%

had unicorn-level valuations⁸

TODAY

New hubs for VC activity⁹



New York City accounted for 20% of unicorn-valued NPM clients in 2018

WITH MORE CAPITAL COMES MORE DEMAND FOR LIQUIDITY PROGRAMS

The evolving private market has heightened pressure for liquidity programs, which NPM helps companies facilitate.

49 OF 71

New NPM clients versus total customer base in 2018¹⁰

2013-2017

\$7.8B

of NPM clients based in California¹¹

2018

\$12B

Transactional value facilitated by NPM

1. Ritter, Jay R. "Initial Public Offerings: Median Age of IPOs Through 2017," Warrington College of Business, University of Florida, 13 June 2018. Web. <https://site.warrington.ufl.edu/ritter/files/2018/07/IPDs2017Age.pdf>

2. Ritter, Jay R. "Initial Public Offerings: Median Age of IPOs Through 2017," Warrington College of Business, University of Florida, 13 June 2018. Web. <https://site.warrington.ufl.edu/ritter/files/2018/07/IPDs2017Age.pdf>

3. Bowden, Adley. "Venture Monitor 4Q 2018," PitchBook-NVCA, PitchBook News & Analysis, 9 January 2019. Web. <https://pitchbook.com/news/reports/4q-2018-pitchbook-nvca-pitchbook-monitor>

4. "The Global Unicorn Club." The Complete List of Unicorn Companies, CB Insights. Web. www.cbinsights.com/research-unicorn-companies

5. Bowden, Adley. "Venture Monitor 4Q 2018," PitchBook-NVCA, PitchBook News & Analysis, 9 January 2019. Web. <https://pitchbook.com/news/reports/4q-2018-pitchbook-nvca-venture-monitor>

6. Bowden, Adley. "Venture Monitor 4Q 2018," PitchBook-NVCA, PitchBook News & Analysis, 9 January 2019. Web. <https://pitchbook.com/news/reports/4q-2018-pitchbook-nvca-pitchbook-monitor>

7. Activity Since 2013 with data aggregated from NPM and SecondMarket platforms. Data collected from the SecondMarket platform may include transactions conducted through current and former affiliates of SecondMarket.

8. Private Company Valuation Data Source: PitchBook Data, Inc. Web. www.pitchbook.com

9. "A Review of the Private Company Secondary Market and Structures." Nasdaq Private Market. April 2019.

10. Private Company Valuation Data Source: PitchBook Data, Inc. Web. www.pitchbook.com

11. Activity Since 2013 with data aggregated from NPM and SecondMarket platforms. Data collected from the SecondMarket platform may include transactions conducted through current and former affiliates of SecondMarket.

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