

Global Tech Hubs Report

Global metro areas and their tech companies



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Who made the cut?





OUR TECH HUBS

25 Metro Areas

AMSTERDAM

AUSTIN

BENGALURU

BARCELONA

BEIJING

BERLIN

BOSTON

DENVER

LOS ANGELES

LONDON

MUMBAI

NEW DELHI

NEW YORK

PARIS

SÃO PAULO

SEATTLE

SEOUL

SHANGHAI

STOCKHOLM

SILICON VALLEY

SYDNEY

TEL AVIV

TOKYO

TORONTO

VANCOUVER

What We Found

1

SILICON VALLEY STILL OFF THE CHARTS

Since 2012, Silicon Valley-based tech companies brought in a total of 12K deals, followed by New York-area based companies with 5K. For funding, Silicon Valley companies brought in a total of \$140B with Beijing next coming in at \$75B.

2

BUT BEIJING AND SHANGHAI ARE CATCHING UP

Beijing and Shanghai are poised to be the tech hubs of the future. They lead among high-growth hubs for unicorns, mega-rounds, and large exits. Company creation is accelerating.

3

EXITS RETURN \$\$\$ TO CALIFORNIA, LONDON, BEIJING

Globally, Silicon Valley saw 4x more \$100M+ exits than the next hub, NY. Hubs with the most large exit counts also included London, LA, and Beijing.



What We Found

4

SOFTBANK: KEY IN ASIA'S RISE

The Japanese tech holding company's portfolio includes more than 65 companies in our Asian hubs, showing how a single investor has propelled the rise of tech in Asia, particularly China and South Korea.

5

TEL AVIV IS THE MOST INTERNATIONAL

More than 2/3 of funding deals to startups in Tel Aviv involve foreign investors.

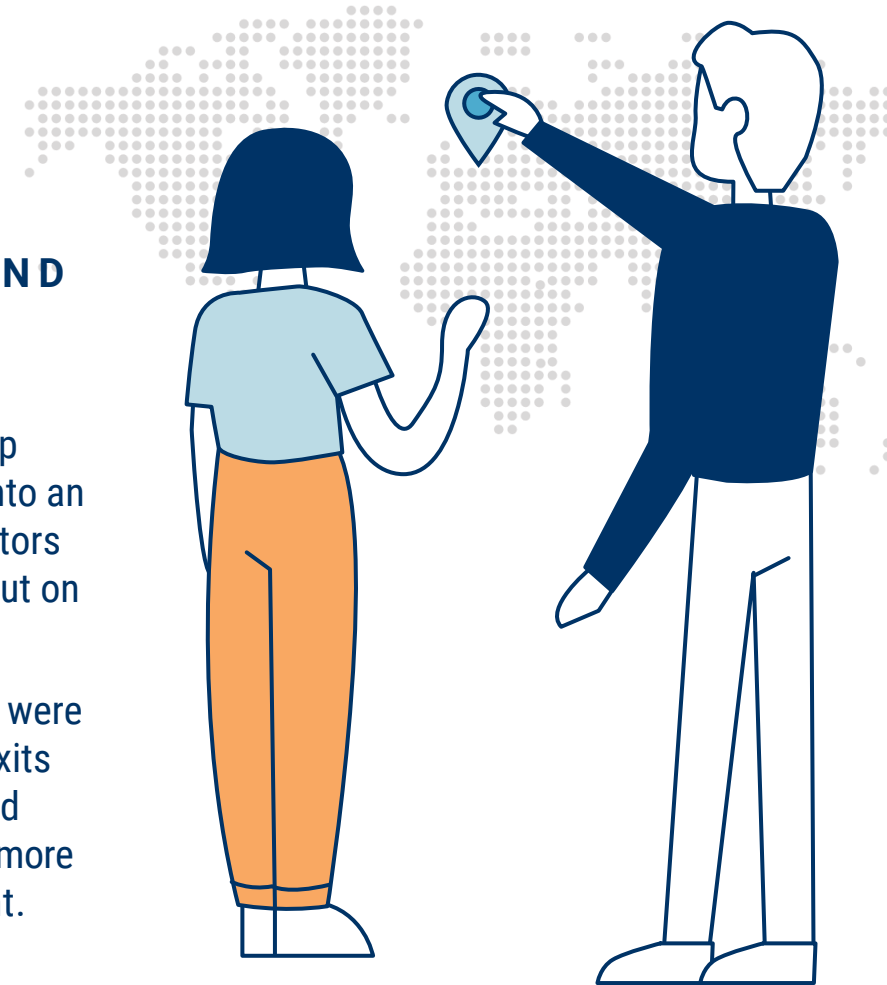
Other emerging hubs like São Paulo also benefit from a high percentage of international investors.

6

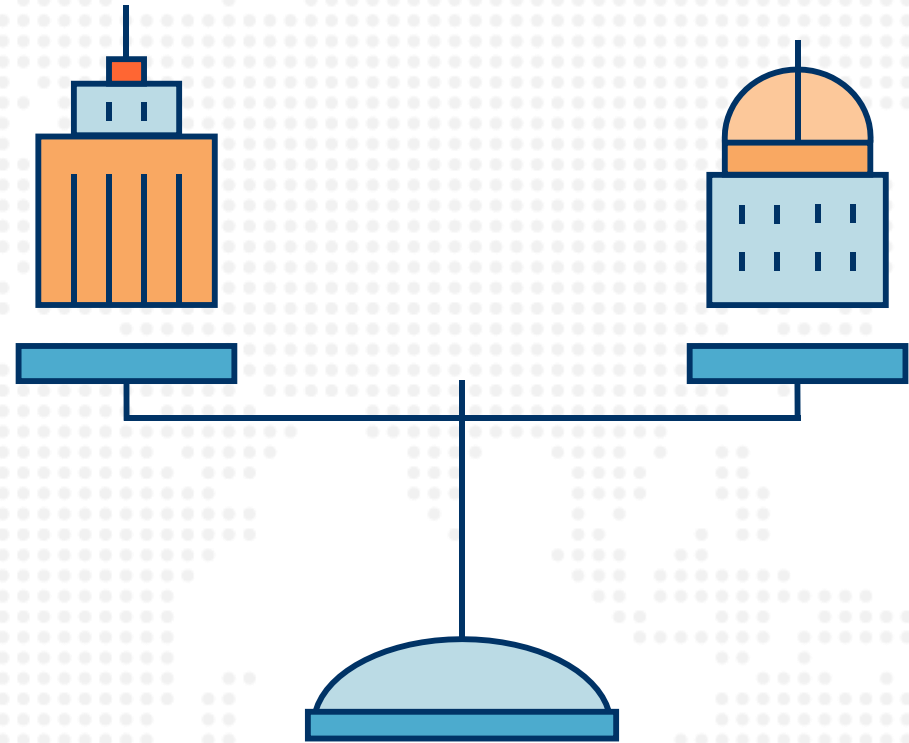
SHANGHAI AND BEIJING SEE MEGA-EXITS

Outsized returns help funnel new capital into an ecosystem, as investors don't want to miss out on the next big exit.

JD.com and Alibaba were among the largest exits globally in the period studied and will fuel more resources and talent.



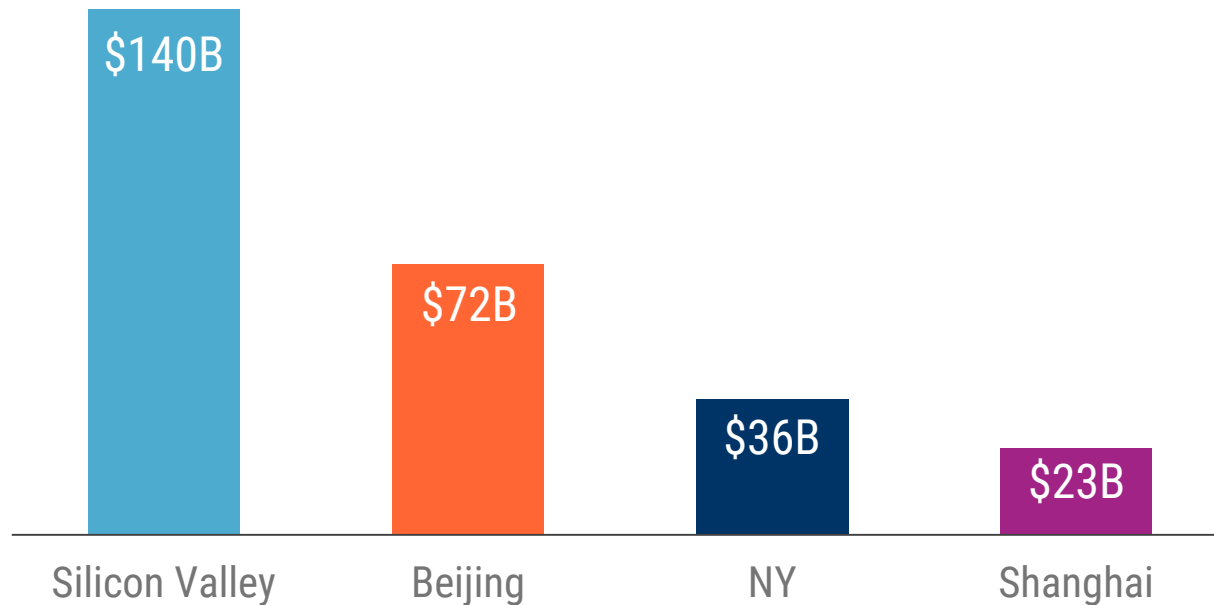
2018 Tech Hubs Compared



2018 TECH HUBS COMPARED

Beijing- and Shanghai-based tech companies take on Silicon Valley

CUMULATIVE DOLLARS TO HUBS
JAN 2012 – MAY 20, 2018

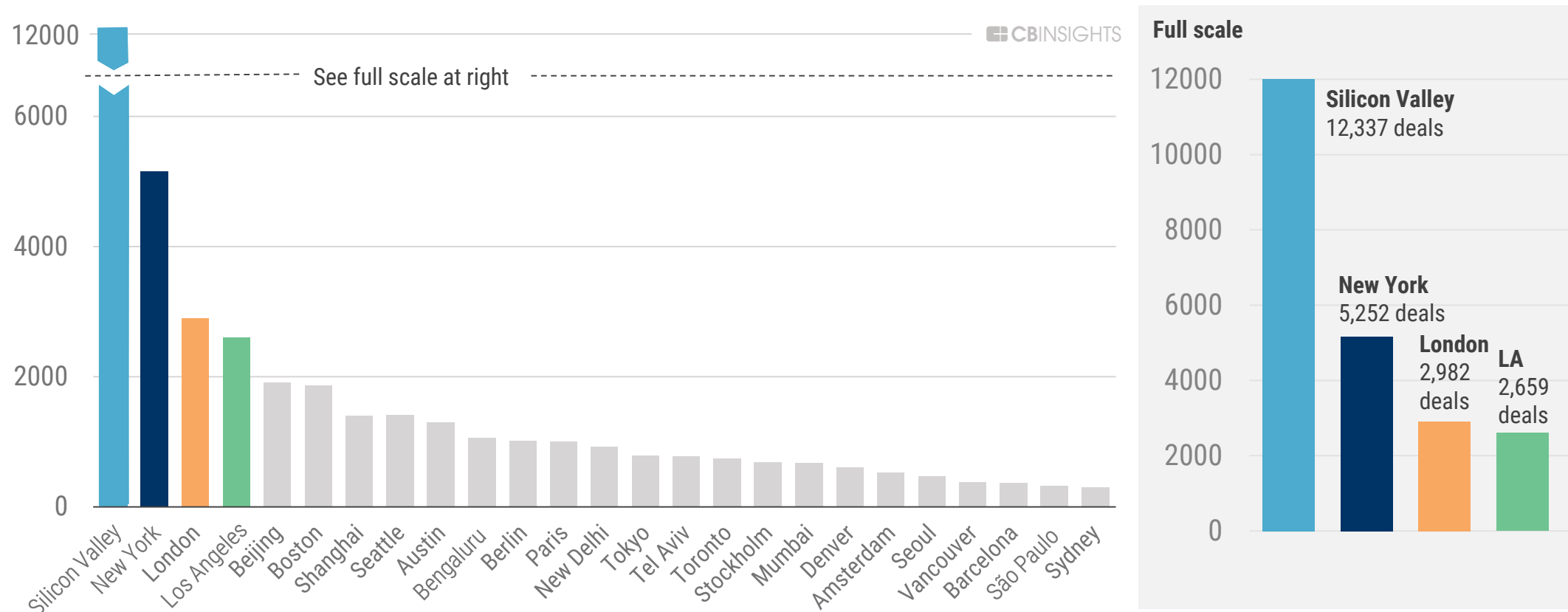


Beijing and Shanghai are ramping up to compete with Silicon Valley fundraising levels, buoyed by large rounds to hot startups like Didi, Toutiao, Mobike and Ele.me.

2018 TECH HUBS COMPARED

Silicon Valley still plays a dominant role

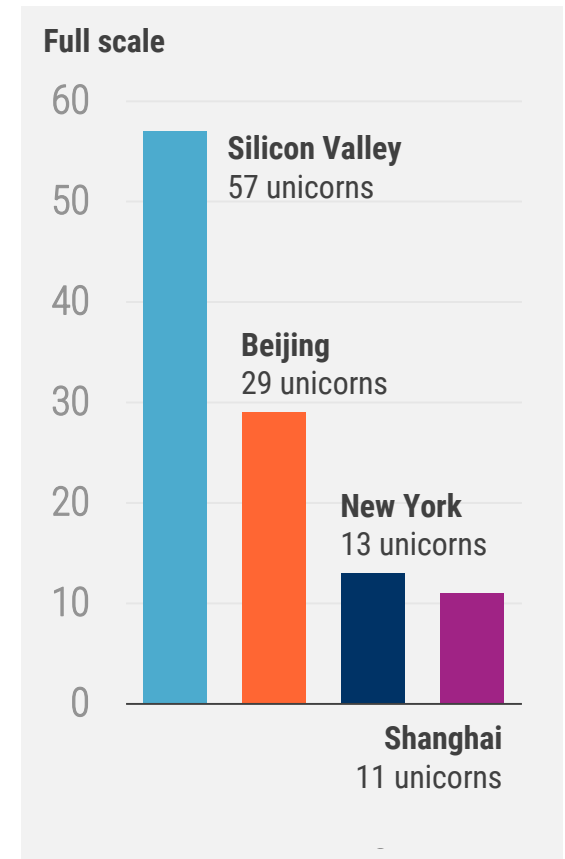
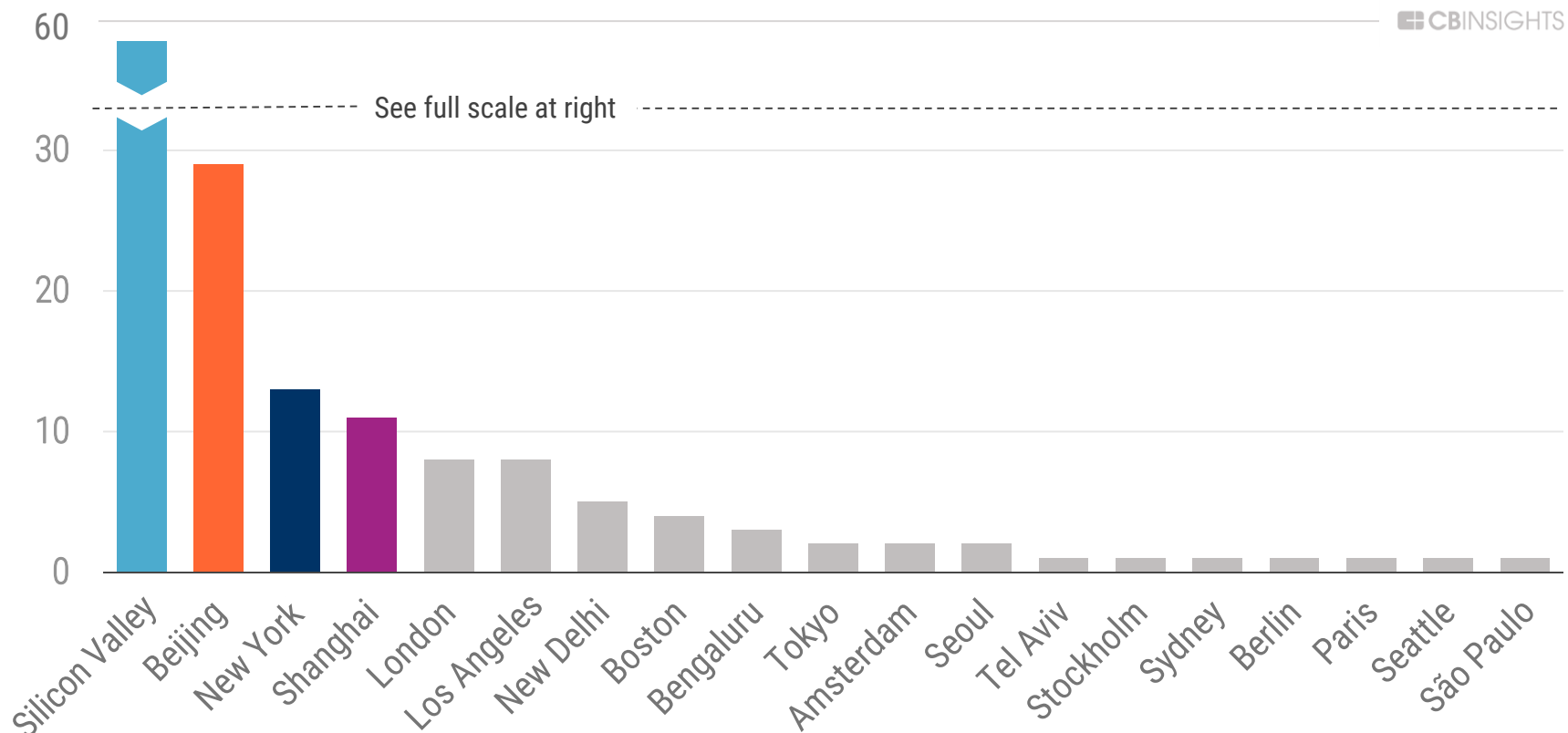
Since 2012, Silicon Valley metro area companies saw 12K deals spread out amongst 7K unique companies – more deals to tech than all non-US metro hubs combined.



2018 TECH HUBS COMPARED

Beijing and Shanghai ramp up with high unicorn numbers

TECH UNICORNS BY METRO REGION AS OF MAY 20, 2018



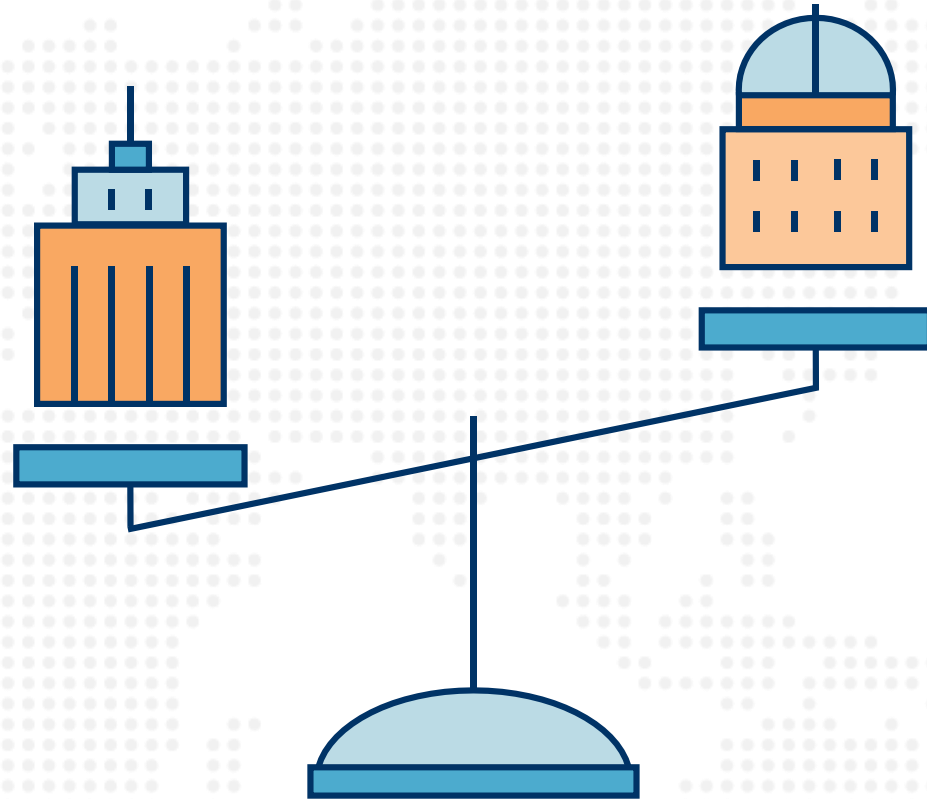
UNICORNS BY METRO REGION

Beijing and Shanghai unicorn creation has lately been hot on the heels of Silicon Valley

TECH UNICORNS BORN IN Q1 2018



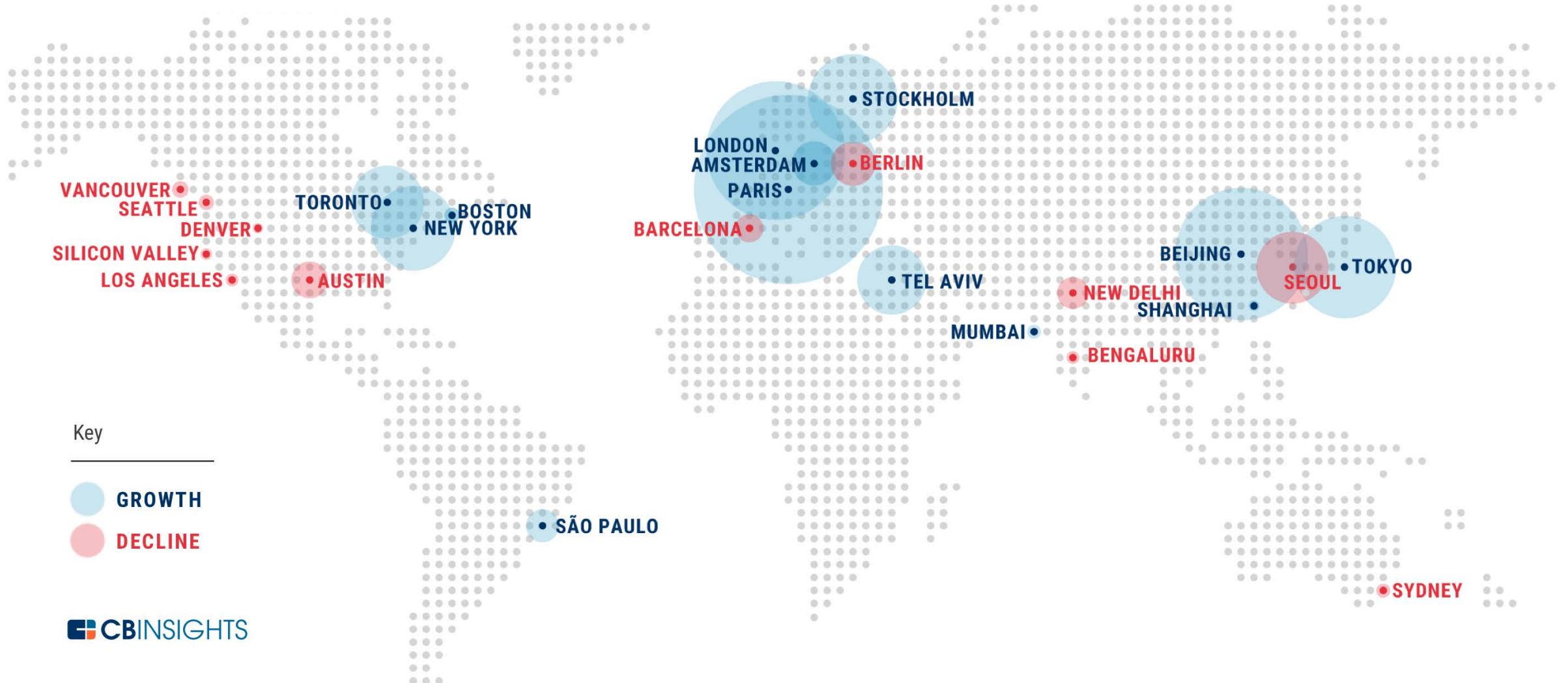
Who's Up?
Who's Down?



WHO'S UP? WHO'S DOWN?

Investment growing outside of California

PERCENT CHANGE IN FUNDING TO STARTUPS 2014-2015 VS 2016-2017



Key

- GROWTH
- DECLINE

WHO'S UP? WHO'S DOWN

Stockholm stands out for high deals growth

PERCENT CHANGE IN DEALS TO STARTUPS 2014-2015 VS 2016-2017

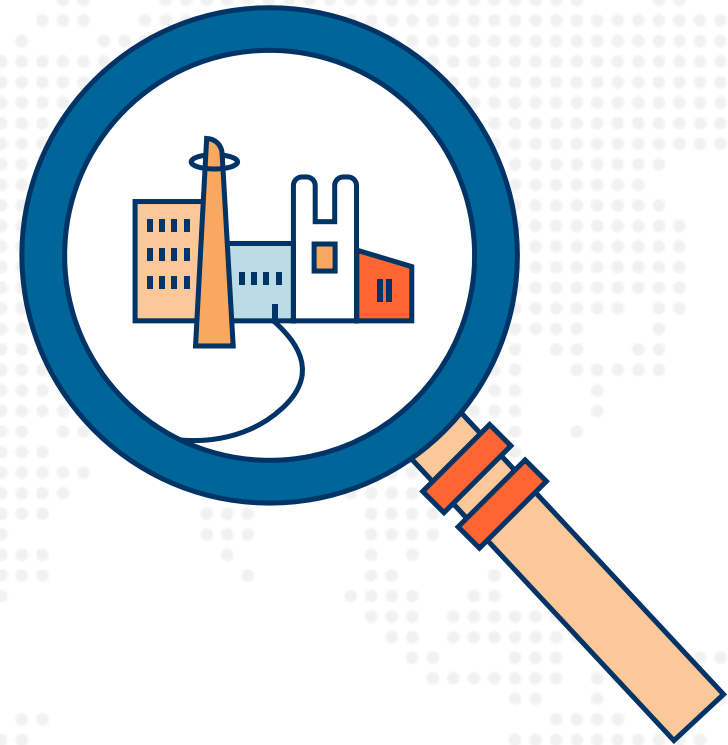


Key

- GROWTH
- DECLINE

BREAKDOWNS

Defining The Tech Hubs



DEFINING OUR TECH HUBS

Heavyweight Hubs



High Growth Hubs



Up and Comers



DEEP DIVE

Heavyweight Hubs



Heavyweight hubs

670

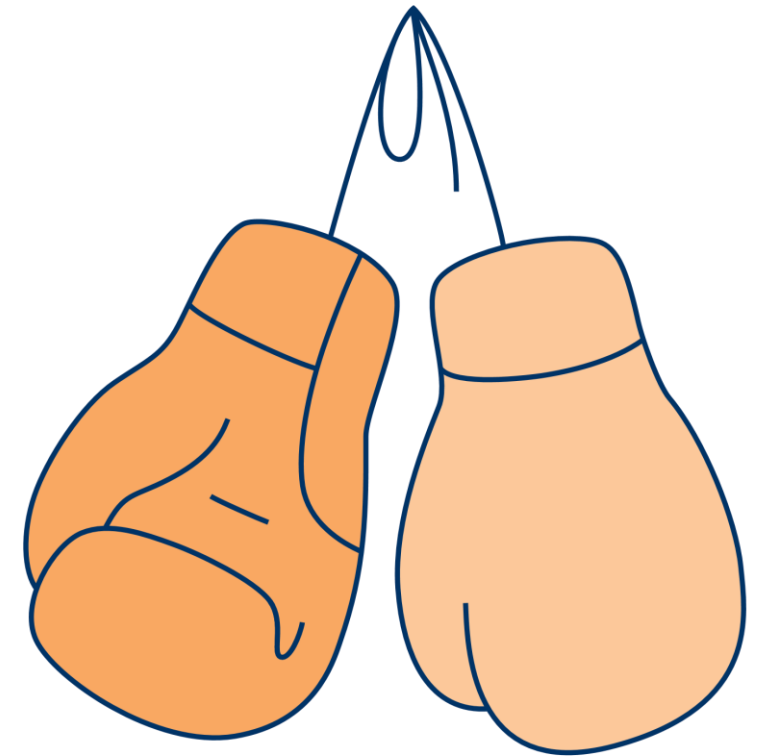
Average deal count
2012 – 2017

\$38B

Average dollar amount raised
2012 – 2017

CHARACTERISTICS

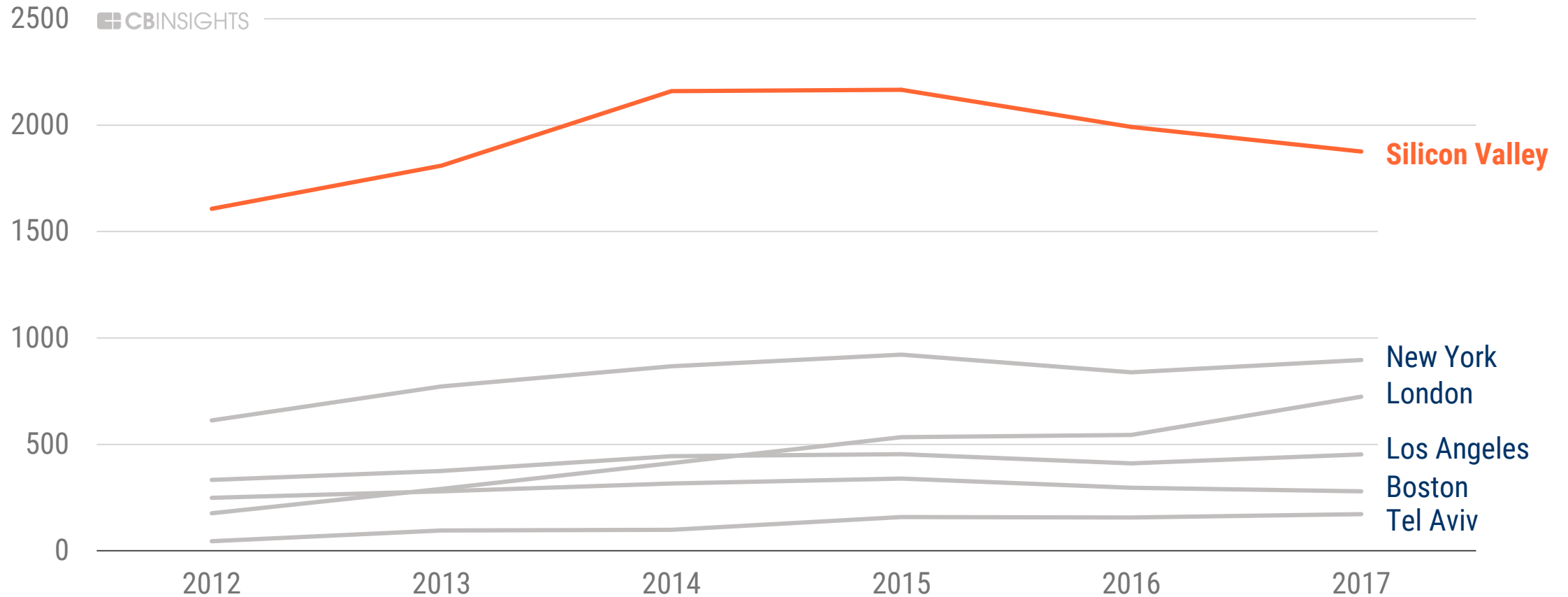
- ✓ Lower/stable growth rates
- ✓ Fewer new companies entering the market
- ✓ Higher concentration of later stage rounds
- ✓ High density of engineering hiring
- ✓ Higher rates of follow-on deals to startups



DEEP DIVE: HEAVYWEIGHT HUBS

Deals plateau for these traditional hubs

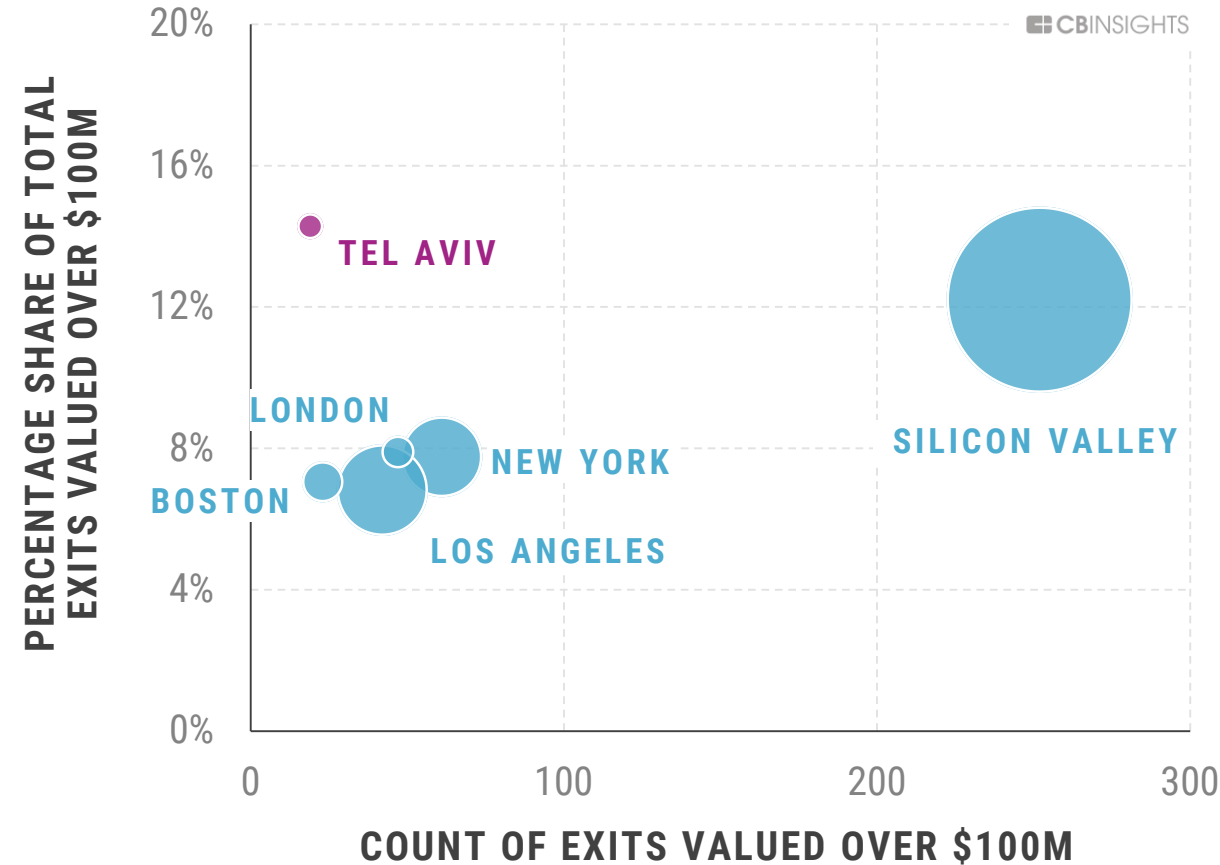
EQUITY DEALS 2012 - 2017



DEEP DIVE: HEAVYWEIGHT HUBS

Tel Aviv has large exits with little previous funding

BETWEEN THE YEARS OF 2012 - 2017



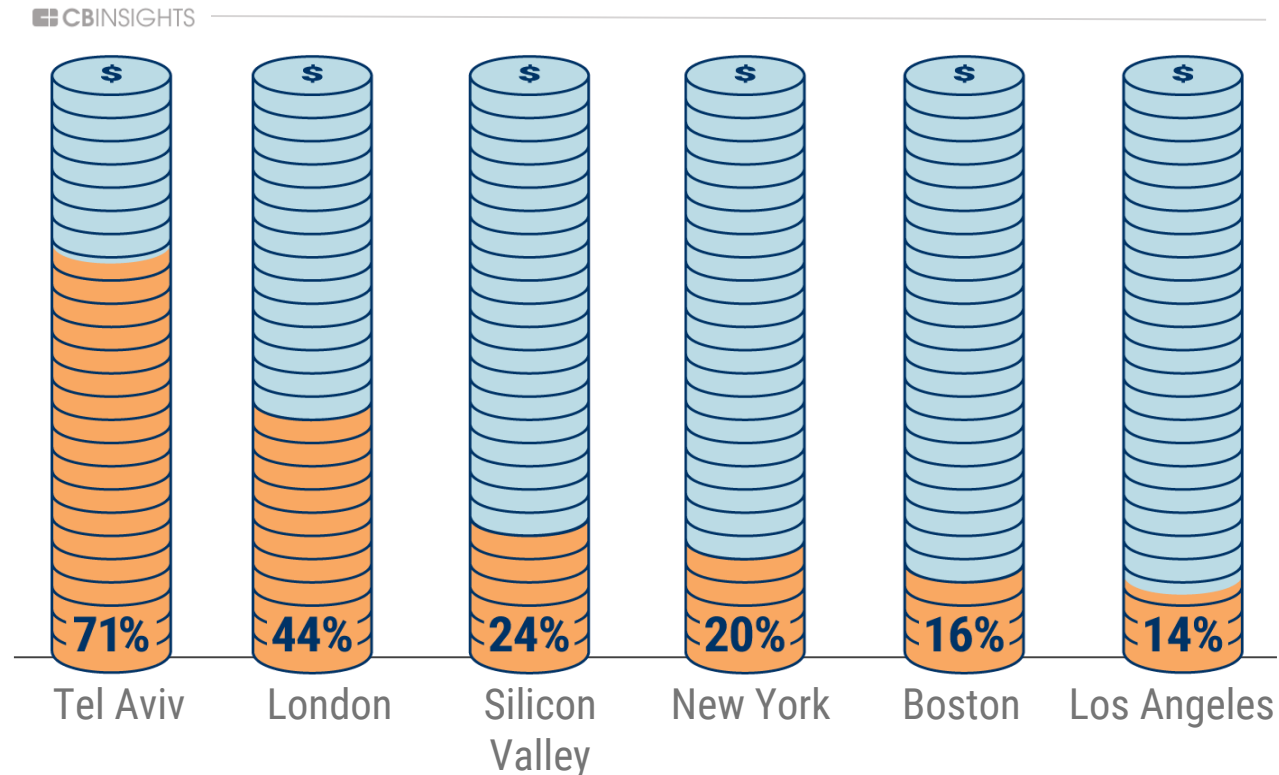
Tel Aviv has fewer exits than many hubs, but 14% of all exits in the city are valued above \$100M.

Silicon Valley has well over 200 exits at the \$100M+ level. Large exits are the best indicator of a healthy tech ecosystem.

DEEP DIVE: HEAVYWEIGHT HUBS

Tel Aviv attracts a lot of foreign investors

FUNDING ROUNDS 2012 - 2017

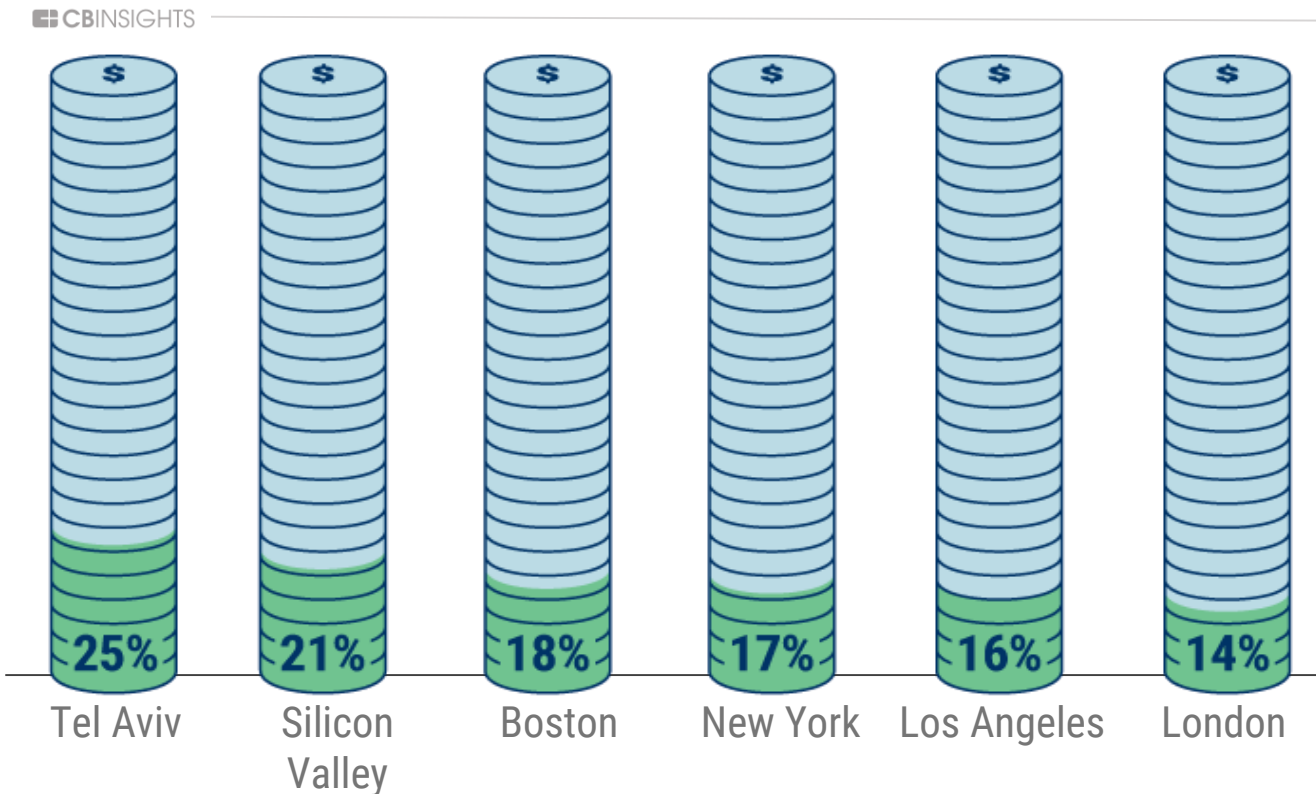


Tel Aviv attracts a high number of US- and Europe-based investors, leading to a high proportion of foreign investor-backed deals.

DEEP DIVE: HEAVYWEIGHT HUBS

Corporate investors favor Tel Aviv

FUNDING ROUNDS 2012 - 2017



Known for its cybersecurity and enterprise software companies, Tel Aviv is not surprisingly a standout for corporate investors.

DEEP DIVE: HEAVYWEIGHT HUBS

Notable companies

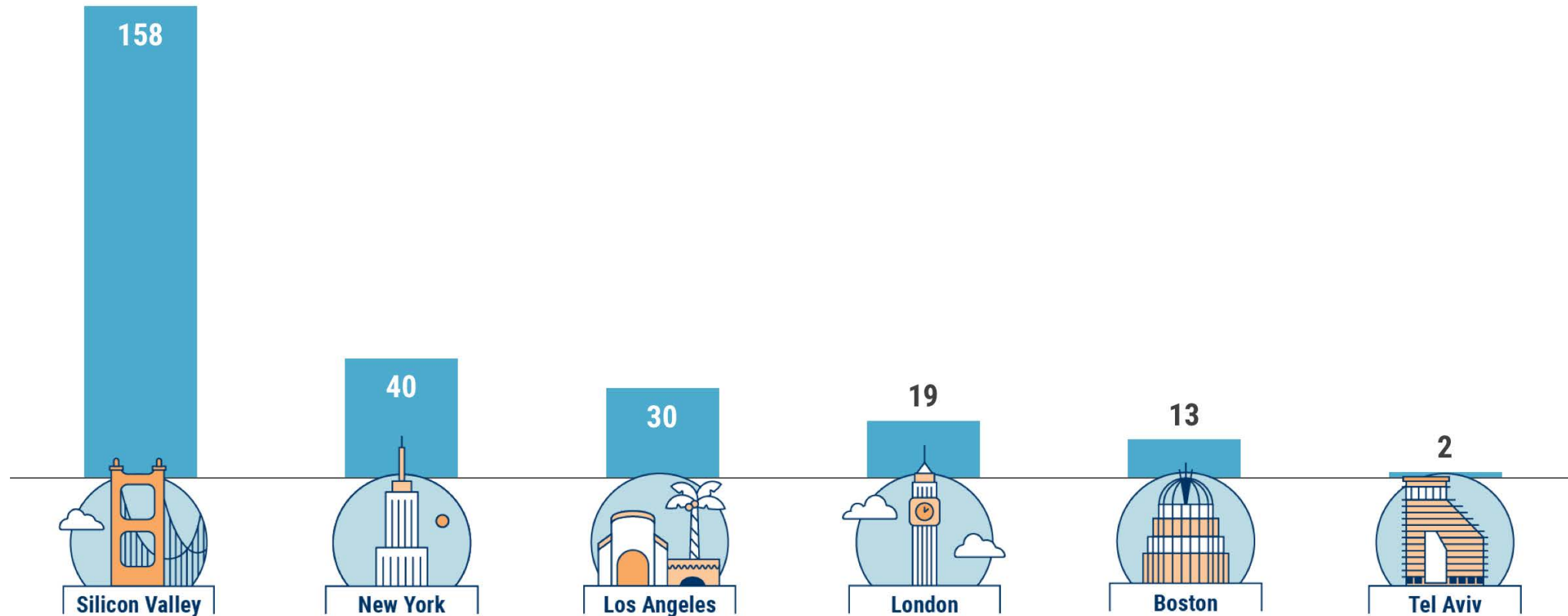


	UBER	INFOR	SPACE X	DELIVEROO
HEADQUARTERS	San Francisco	New York City	El Segundo (LA Metro)	London
TOTAL RAISED*	\$15B	\$2.6B	\$1635M	\$958M
VALUATION	\$68B	\$10B	\$18.5B	\$2B
RECENT INVESTOR(S)	SoftBank Group, Sequoia Capital	Koch Industries	Founders Fund	Accel, DST Global
CATEGORY	Mobile → Travel App	Internet → Finance Management	Industrial → Robotics	Internet → Food Delivery
MOSAIC SCORE	940	790	860	890

DEEP DIVE: HEAVYWEIGHT HUBS

Silicon Valley shows strength in mega-rounds

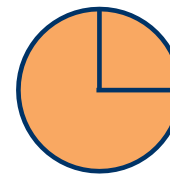
ROUNDS GREATER THAN \$100M SINCE 2014



DEEP DIVE

High Growth Hubs





High growth hubs

171

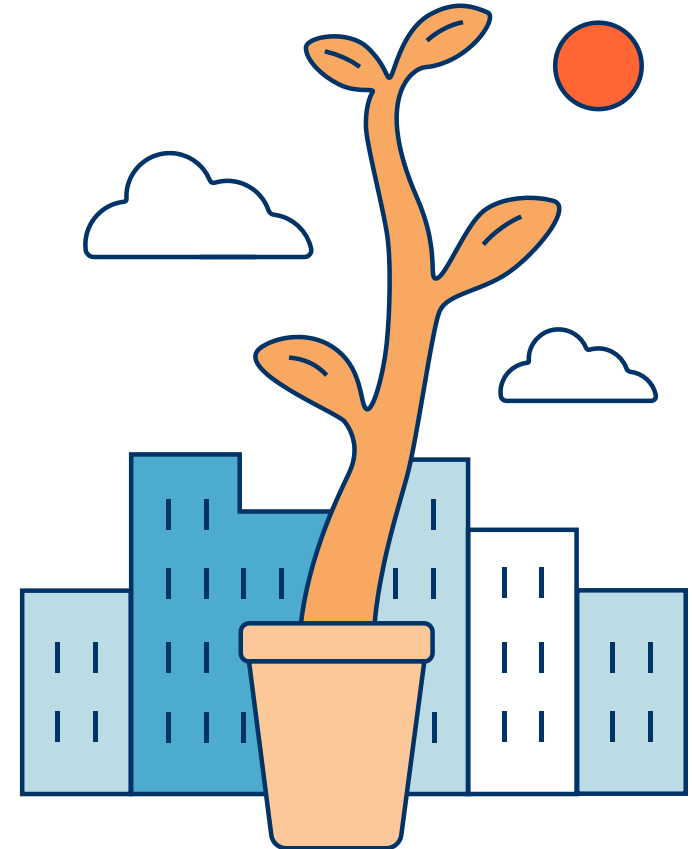
Average deal count
2012 – 2017

\$14B

Average dollar amount raised
2012 – 2017

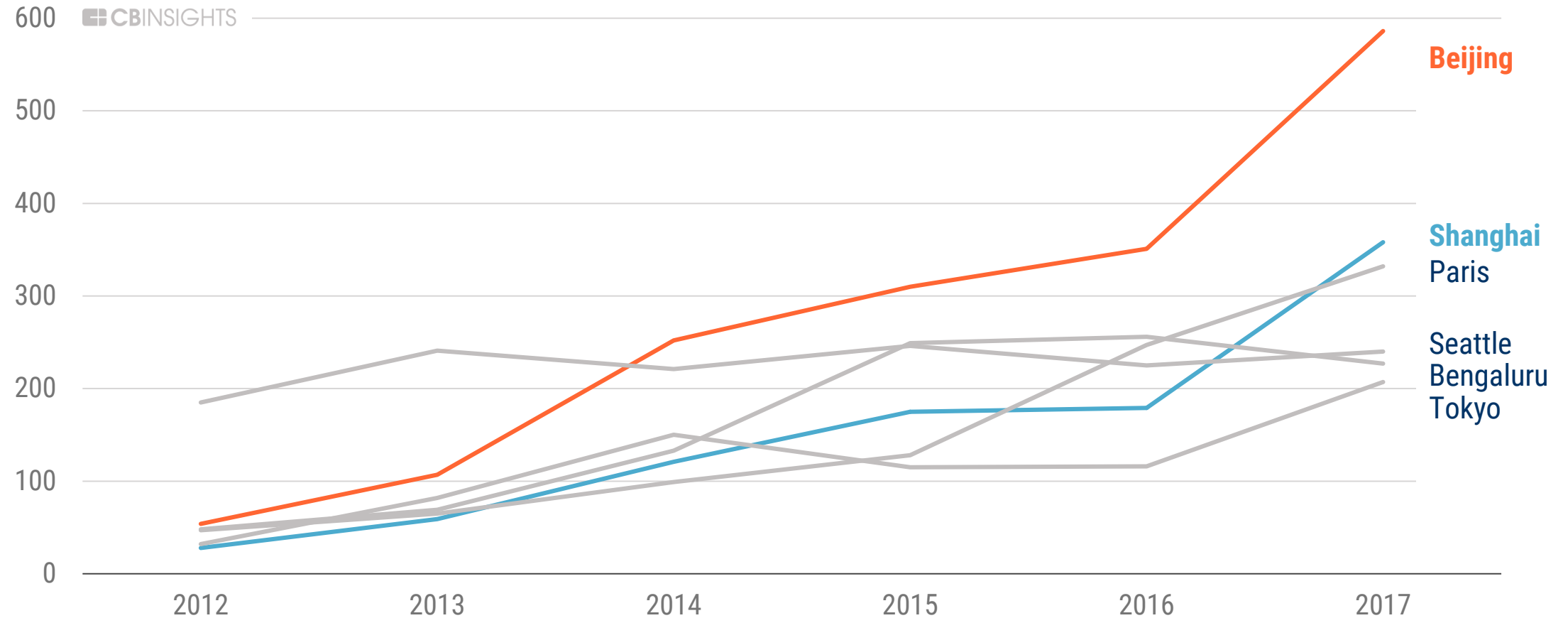
CHARACTERISTICS

- ✓ Higher frequency of early startups entering the market
- ✓ Higher dollar investment and deal count growth rates
- ✓ Higher concentration of early-stage companies
- ✓ High rates corporate-backed deal-making in Asia



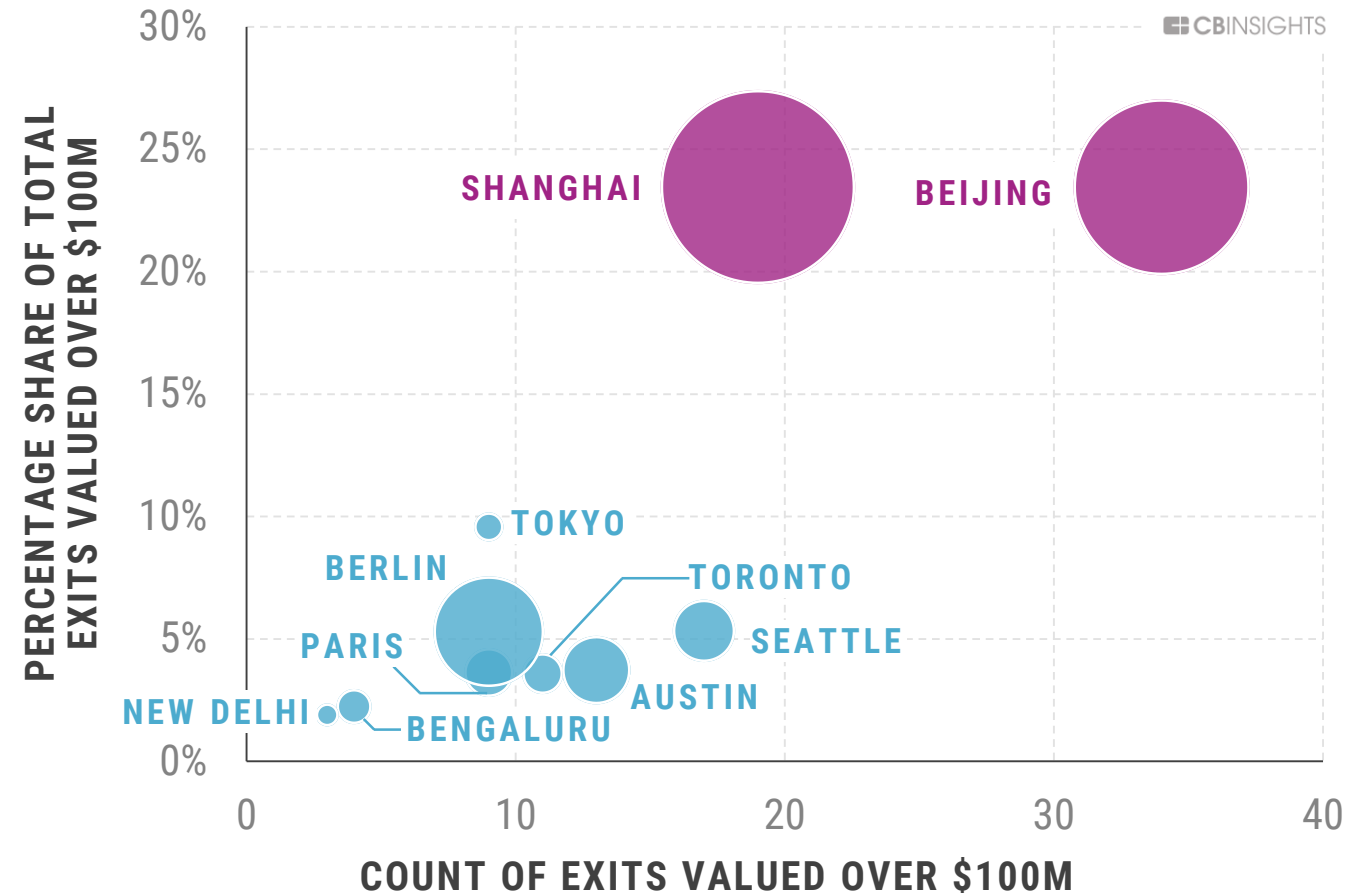
Beijing and Shanghai see growth skyrocket

EQUITY DEALS TO PRIVATE TECH COMPANIES 2012 - 2017



Beijing and Shanghai lead on exits

BETWEEN THE YEARS OF 2012 - 2017



Not surprisingly, Beijing and Shanghai tech companies tend to raise a lot of money and end up highly valued at exit.

Since 2012, Beijing has seen over 30 large exits, with JD.com, the logistics tech giant, seeing an IPO valued at about \$26B.

Shanghai is clocking in at nearly 20 exits valued over \$100M.

The size of the bubbles show aggregate amounts raised before exit for tech companies in each metro. Beijing and Shanghai also dominate there.

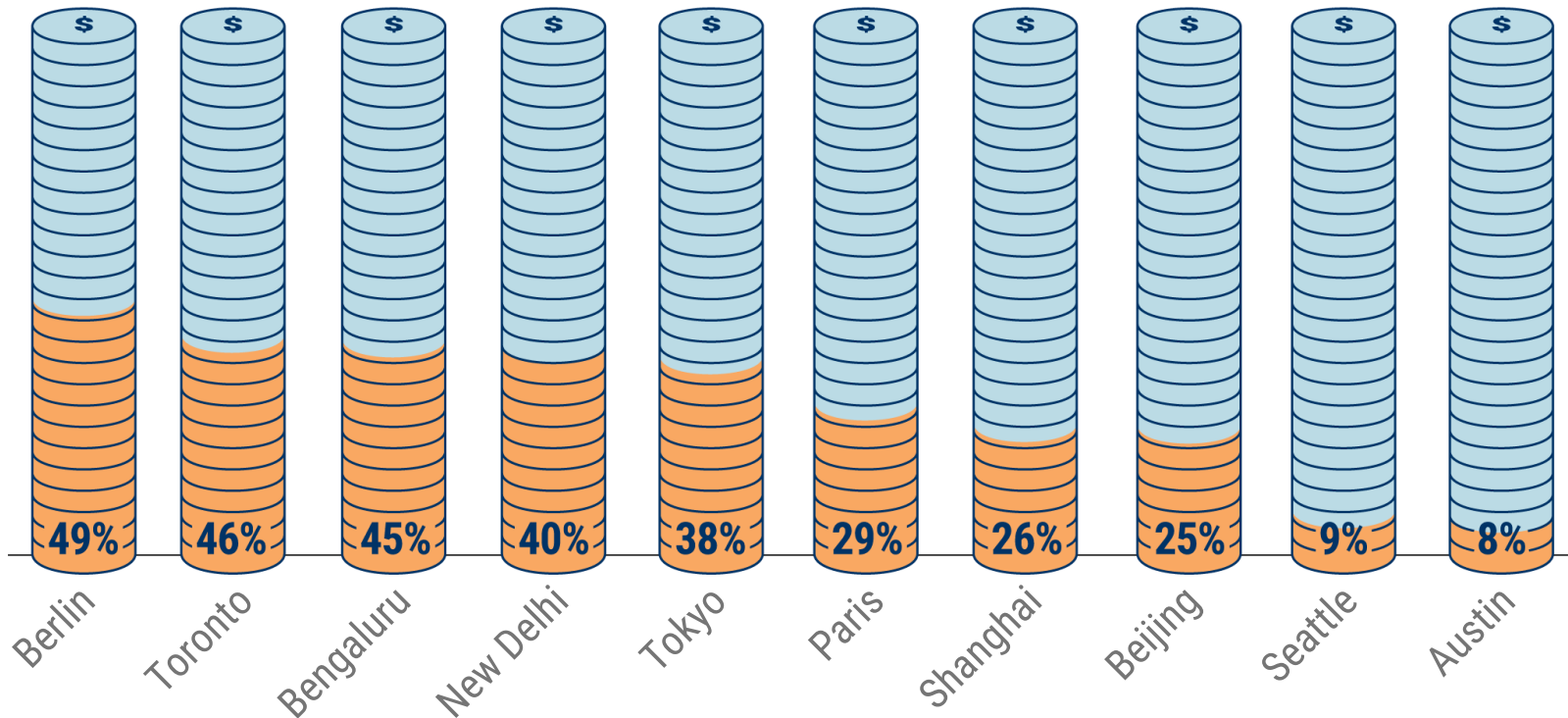
DEEP DIVE: HIGH GROWTH HUBS

Berlin sees a lot of foreign investors

FUNDING ROUNDS 2012 - 2017

 percent of rounds with foreign investors  percent of rounds with no foreign investors

CBINSIGHTS



US hubs like Austin and Seattle see relatively little foreign investor participation showing how US tech hubs tend to be less cosmopolitan in investor terms

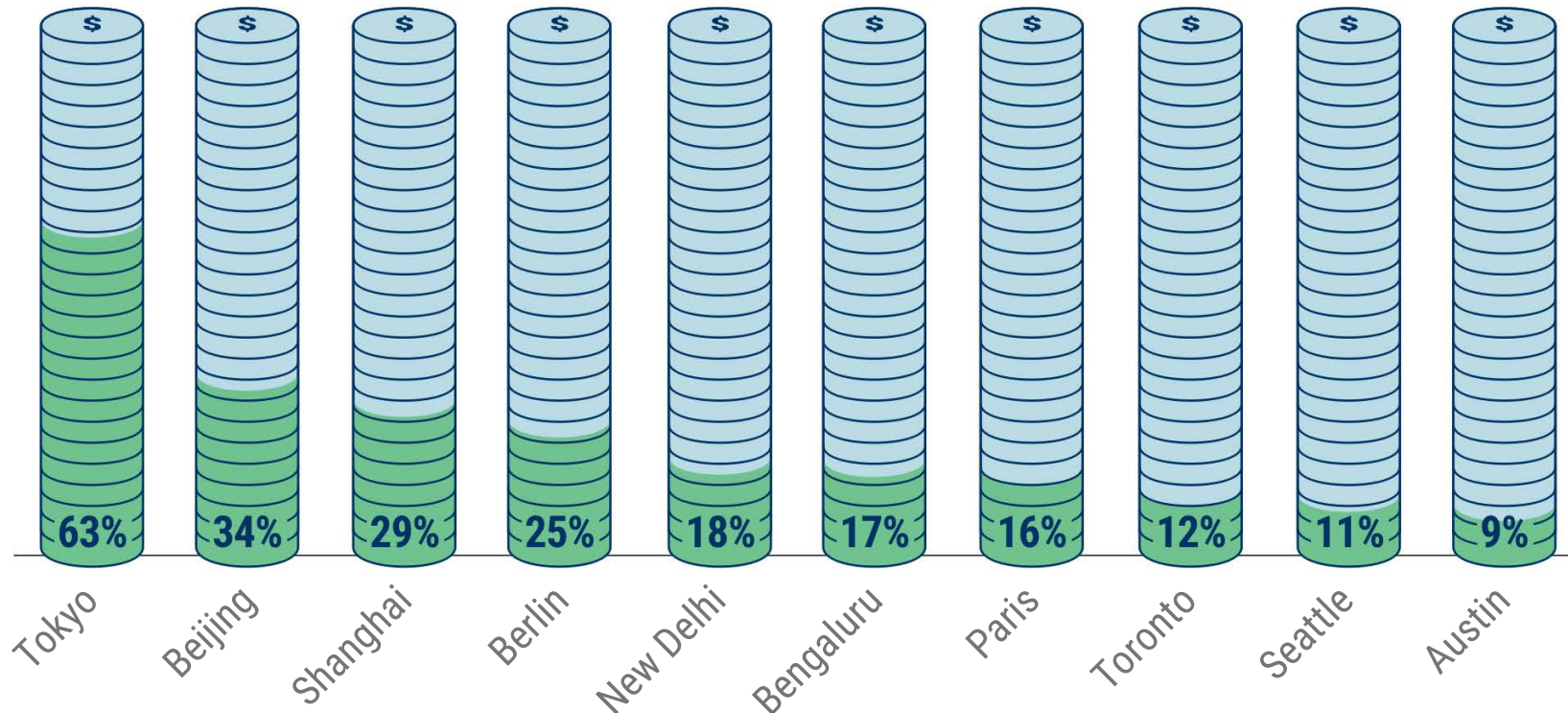
DEEP DIVE: HIGH GROWTH HUBS

Tokyo and corporates, a love story

FUNDING ROUNDS 2012 - 2017


 percent of rounds with corporate investors*  percent of rounds with no corporate investors

CBINSIGHTS



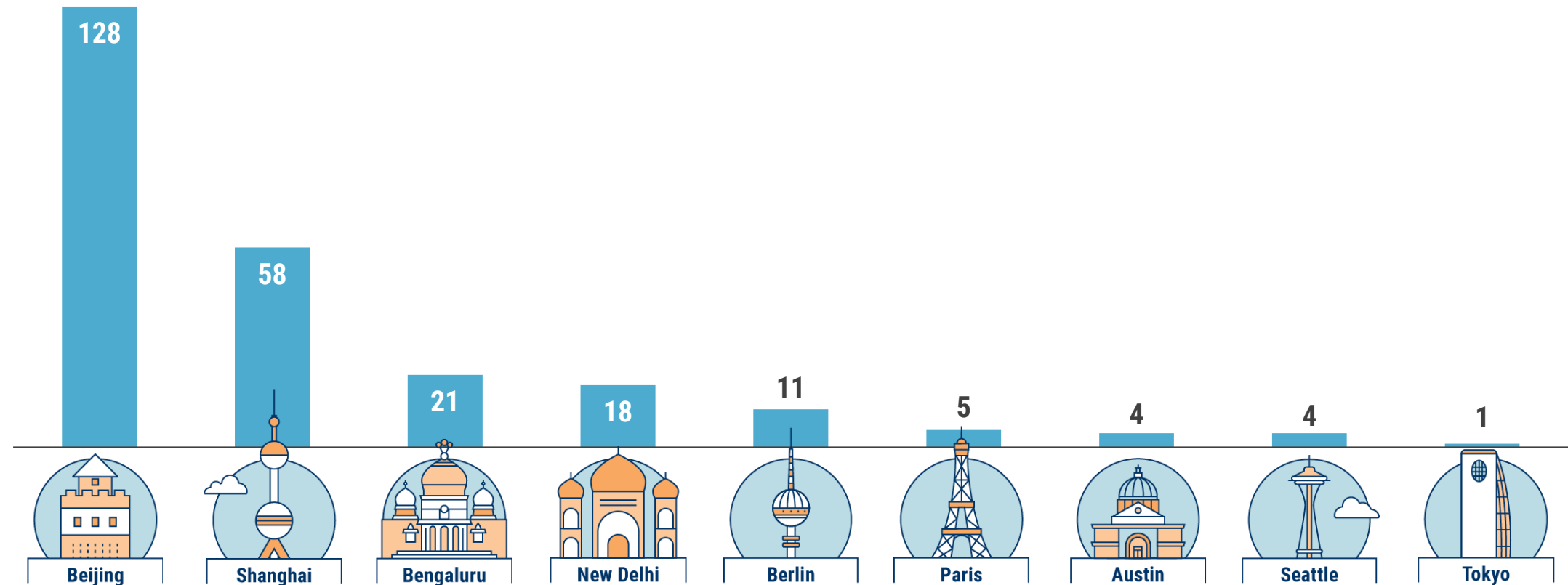
Tokyo's tech market sees prolific investment from corporate investors including Toyota and Hitachi.

Notable companies

	 陆金所 LU.com	 DiDi	 BlaBlaCar	 OLA
	IU.COM	DIDI	BLABLACAR	OLACABS
HEADQUARTERS	Shanghai	Beijing	Paris	Bengaluru
TOTAL RAISED*	\$1.7B	\$15B	\$335M	\$3.6B
VALUATION	\$18.5B	\$56B	\$1.6B	\$3.7B
RECENT INVESTOR(S)	Ping An Ventures, Bank of China	SoftBank Group	Baring Vostok Capital Partners	SoftBank Group, Tencent Holdings
CATEGORY	Internet → Lending	Mobile → Travel	Mobile → Travel	Mobile → Travel
MOSAIC SCORE	730	850	760	860

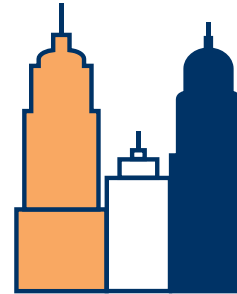
Beijing and Shanghai dominate in mega-rounds

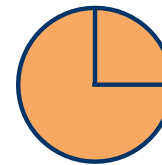
ROUNDS GREATER THAN \$100M SINCE 2014



DEEP DIVE

Up and Comers





Up and comers

75

Average deal count
2012 – 2017

\$2.5B

Average deal amount
2012 – 2017

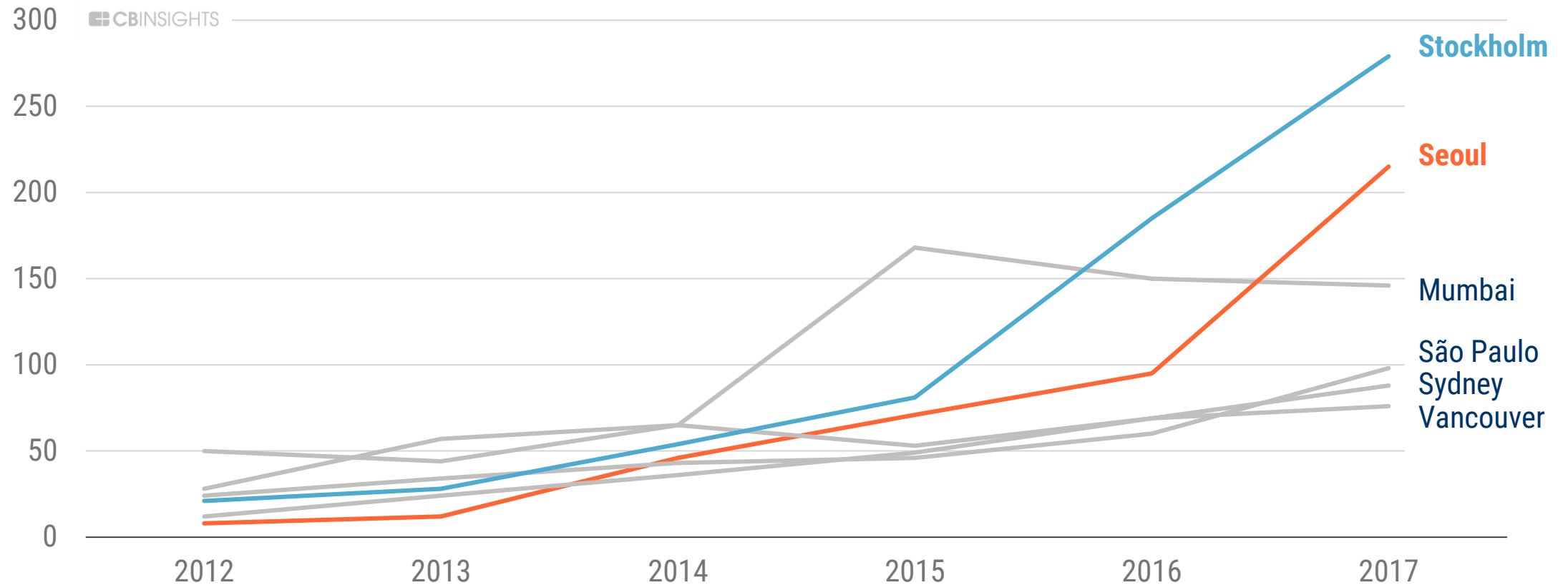
CHARACTERISTICS

- ✓ Lower deal counts than other hubs
- ✓ Lower dollar investment
- ✓ High percentage of first-time funding rounds
- ✓ High foreign investment rates



Seoul and Stockholm emerge from the pack

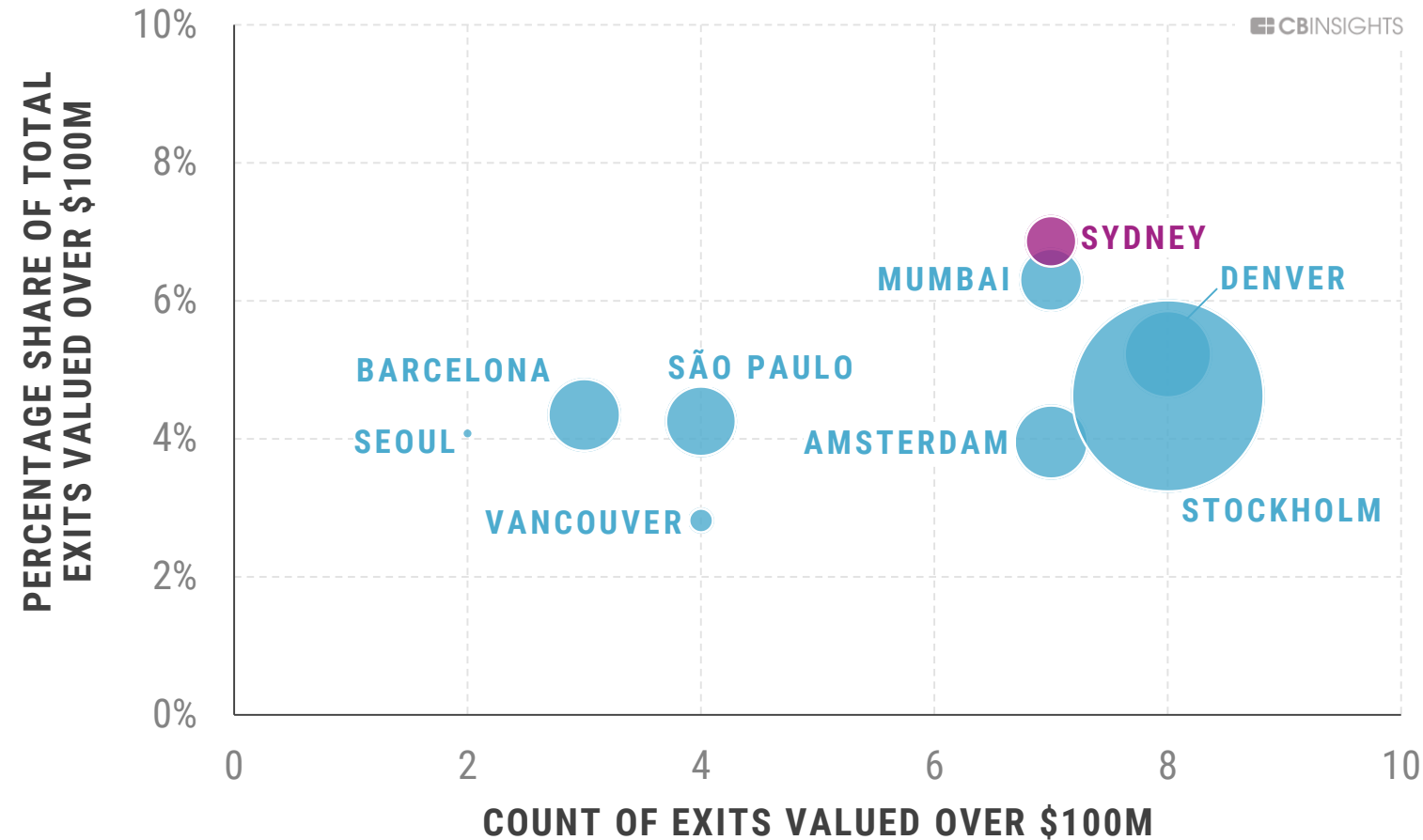
EQUITY TECH DEALS 2012 - 2017



DEEP DIVE: UP AND COMERS

Sydney's tech exits propped up

BETWEEN THE YEARS OF 2012 - 2017



Bolstered by Atlassian's IPO in 2014 at \$1.1B and Freelancer.com's IPO at \$1B, Sydney, Australia-based tech companies have seen a relatively high percentage of valuable exits.

The Denver and Stockholm areas have seen the most exits of \$100M+ or more.

Stockholm clearly leads in aggregate funding raised by startups before exit.

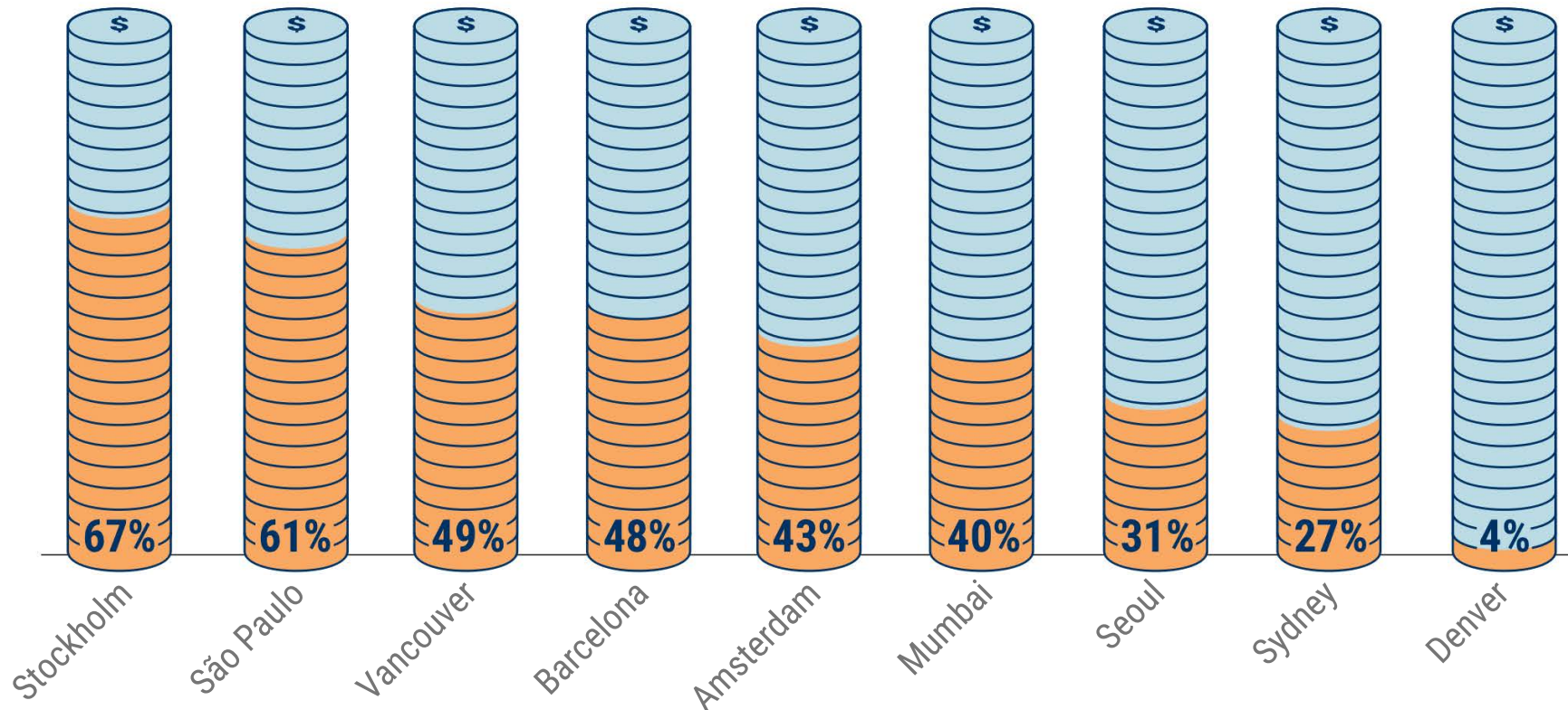
DEEP DIVE: UP AND COMERS

Stockholm and São Paulo draw foreigners

FUNDING ROUNDS 2012 - 2017

 percent of rounds with foreign investors  percent of rounds with no foreign investors

CBINSIGHTS

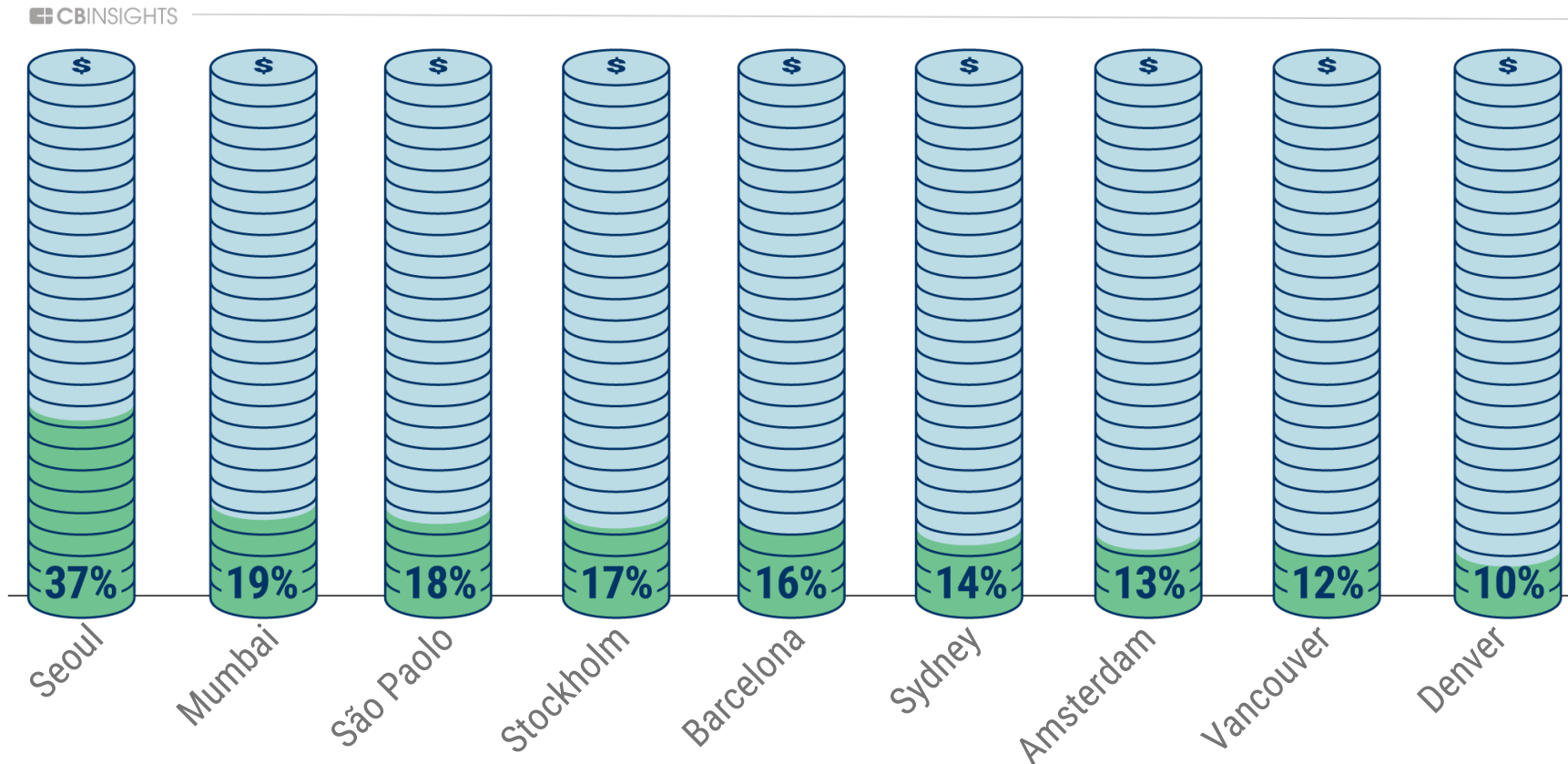


Again, a US tech hub stands out for less foreign investor participation.

Asian hubs tend to see more corporate activity

FUNDING ROUNDS 2012 - 2017

 percent of rounds with corporate investors*  percent of rounds with no corporate investors



Seoul's game development companies have seen notable interest from corporates including China-based Tencent and Line Corp.

Notable companies

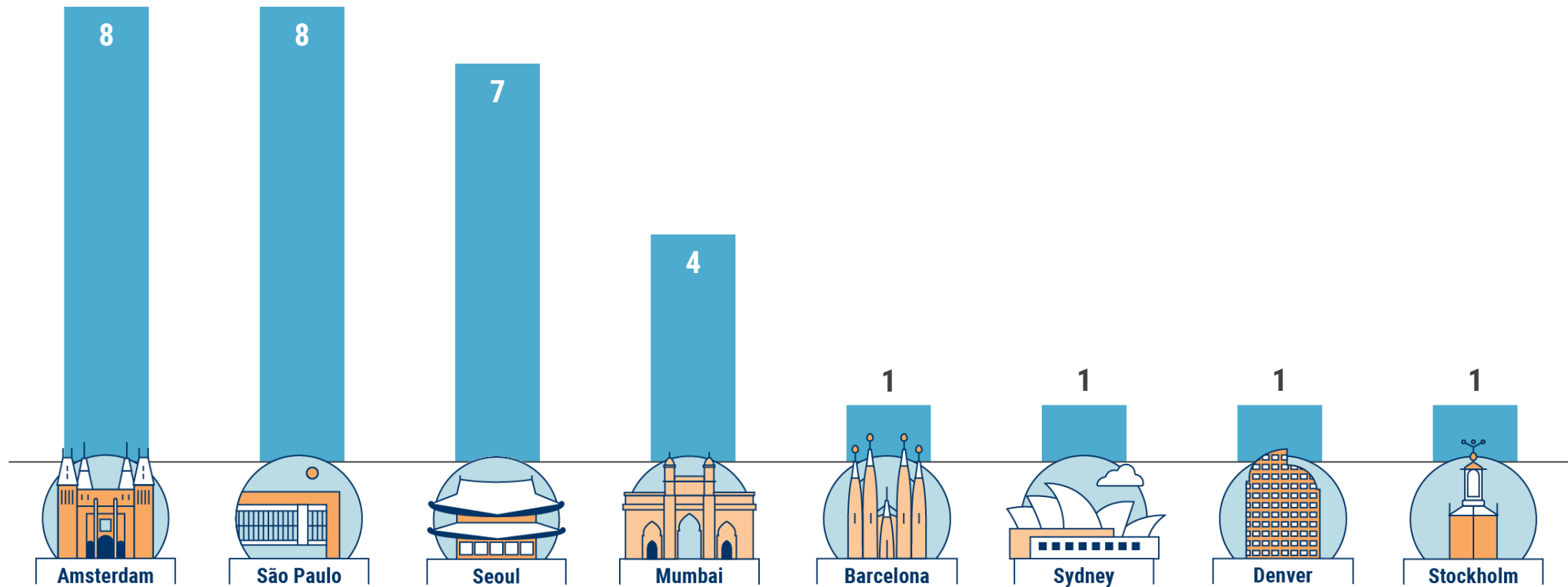


	COUPANG	KLARNA	LETGO	SCYTL
HEADQUARTERS	Seoul	Stockholm	Naarden (Amsterdam Metro)	Barcelona
TOTAL RAISED*	\$1.8B	\$334M	\$475M	\$127M
VALUATION	\$5B	\$2.5B	\$1B	N/A
RECENT INVESTOR(S)	Fidelity Investments, BlackRock	Visa, Permira	NEA, Accel	Adams Street Partners, Sapphire Ventures
CATEGORY	Online → Coupons	Online → Payments	Online → Ecommerce/Chat	Online → Government Management
MOSAIC SCORE	780	910	740	620

DEEP DIVE: UP AND COMERS

Amsterdam and São Paulo draw mega-rounds

ROUNDS GREATER THAN \$100M SINCE 2014



Spotlight on Stockholm

Home to Spotify, one of the largest IPOs in 2018, and iZettle, acquired by PayPal for \$2B, Stockholm is a high-ranking up and comer.



\$4B
Total raised
since 2012

648
Total deals
since 2012

34%
Increase in first time
funding rounds
(2016 vs 2017)

Klarna.
Current
unicorn

TOP 5 INVESTORS

Propel
Capital

CREANDUM

ALMI
INVEST

Northzone

Industrifonden

DEEP DIVE

The Rise of Asia

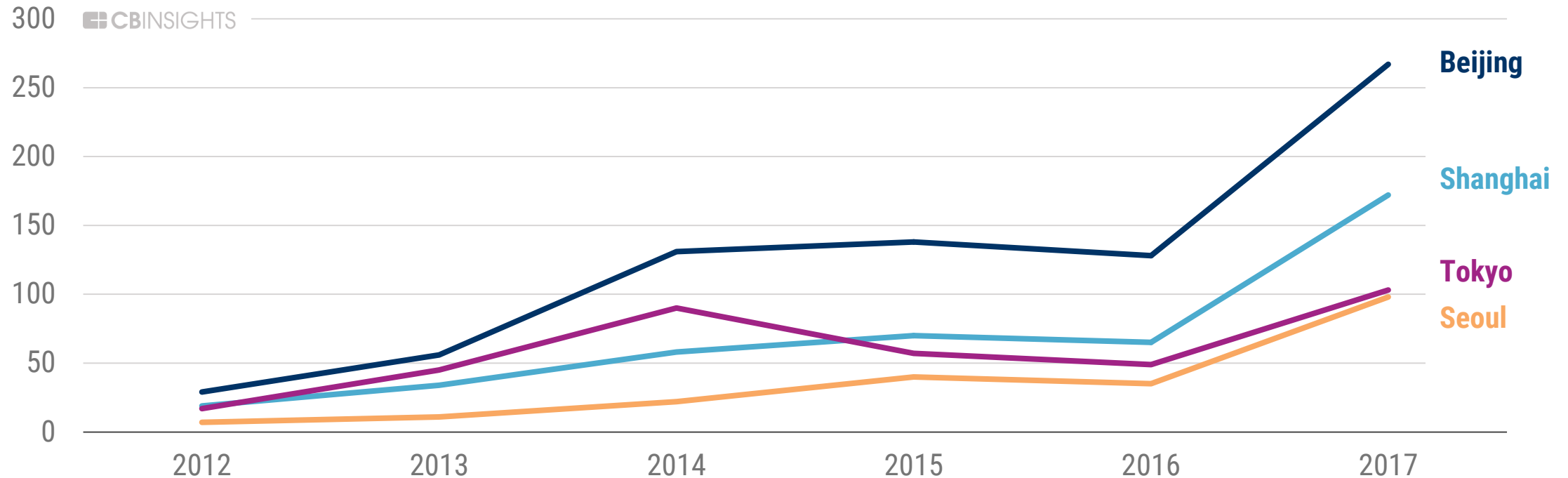
The rise of confident tech hubs including those in China and India but also South Korea and Japan are an expression of Asia's growing influence in the technology sector.



First deals to startups growing across region

Company creation in the region is accelerating, shown by first financing trends.

COUNT OF FIRST-TIME FUNDING ROUNDS TO UNIQUE COMPANIES



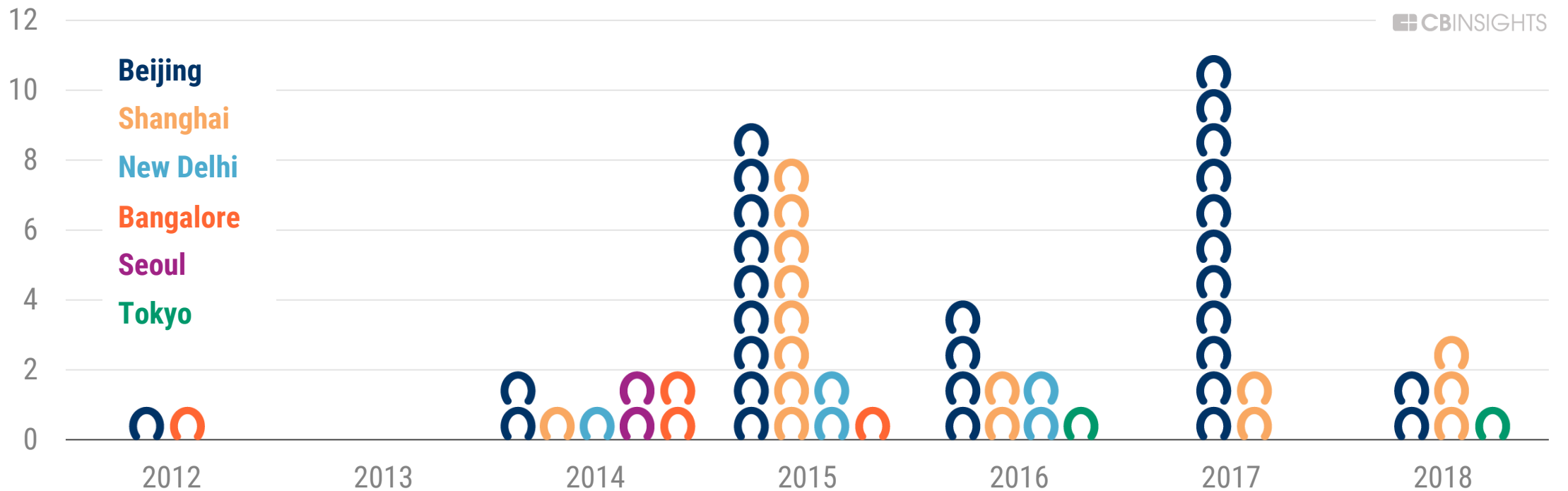
Shanghai and Beijing dominate list of big exits

				
	ELE.ME	QUDIAN	PPDAI GROUP	MOBIKE
HEADQUARTERS	Shanghai	Beijing	Shanghai	Shanghai
EXIT TYPE	M&A by Alibaba	IPO	IPO	M&A
EXIT VALUE	\$9.5B	\$7.9B	\$3.9B	\$3.7B
PREVIOUS INVESTOR(S)	Sequoia Capital, Ant Financial, Didi	Ant Financial, BlueRun Ventures, Kunlun Worldwide	Alibaba Group, Sequoia Capital, Lightspeed China Partners	Sequoia Capital, Qualcomm Ventures, Panda Capital
CATEGORY	Online → Grocery Delivery	Online → Lending	Online → Lending	Mobile → Travel

Beijing sees the most unicorn births

Since 2012, Beijing has seen a total of 29 unicorn births, two of which exited.

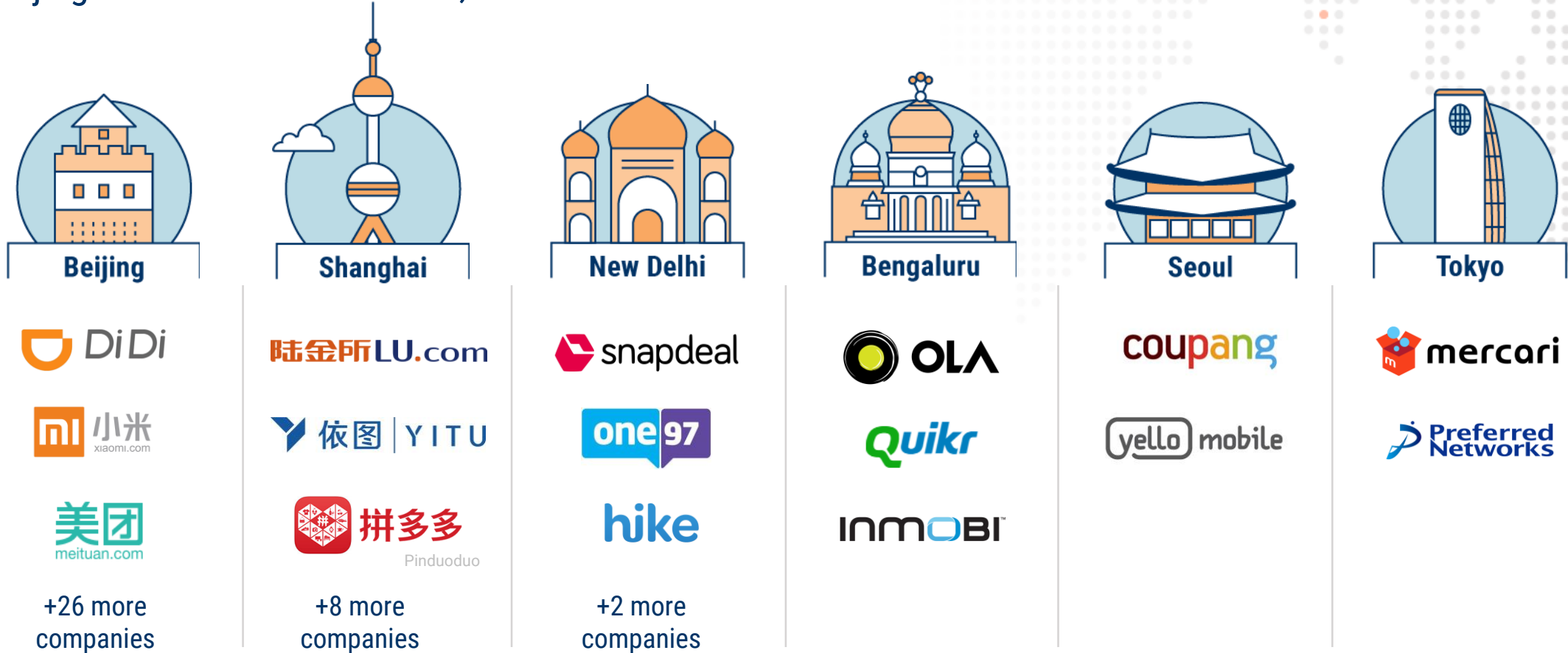
UNICORNS BORN IN HUBS SINCE 2012






DEEP DIVE: RISE OF ASIA

Top tech unicorns within Asian tech hubs

Beijing comes in with the most, at 29 total tech unicorns.



Top five most highly valued tech unicorns

	 DiDi	 小米 xiaomi.com	 美团 meituan.com	ByteDance	陆金所LU.com
	DIDI CHUXING	XIAOMI	CHINA INTERNET PLUS	BYTEDANCE dba Toutiao	LU.COM
HEADQUARTERS	Beijing	Beijing	Beijing	Beijing	Shanghai
VALUATION as of most recent funding date	\$56B	\$46B	\$30B	\$20B	\$18.5B
YEAR ENTERED	2014	2011	2015	2017	2014
CATEGORY	Mobile → Ride Hailing	Electronics → Smartphone	Online → Ecommerce	Mobile → Content Aggregator	Online → Lending
MOSAIC SCORE	870	890	620	730	730

DEEP DIVE: RISE OF ASIA

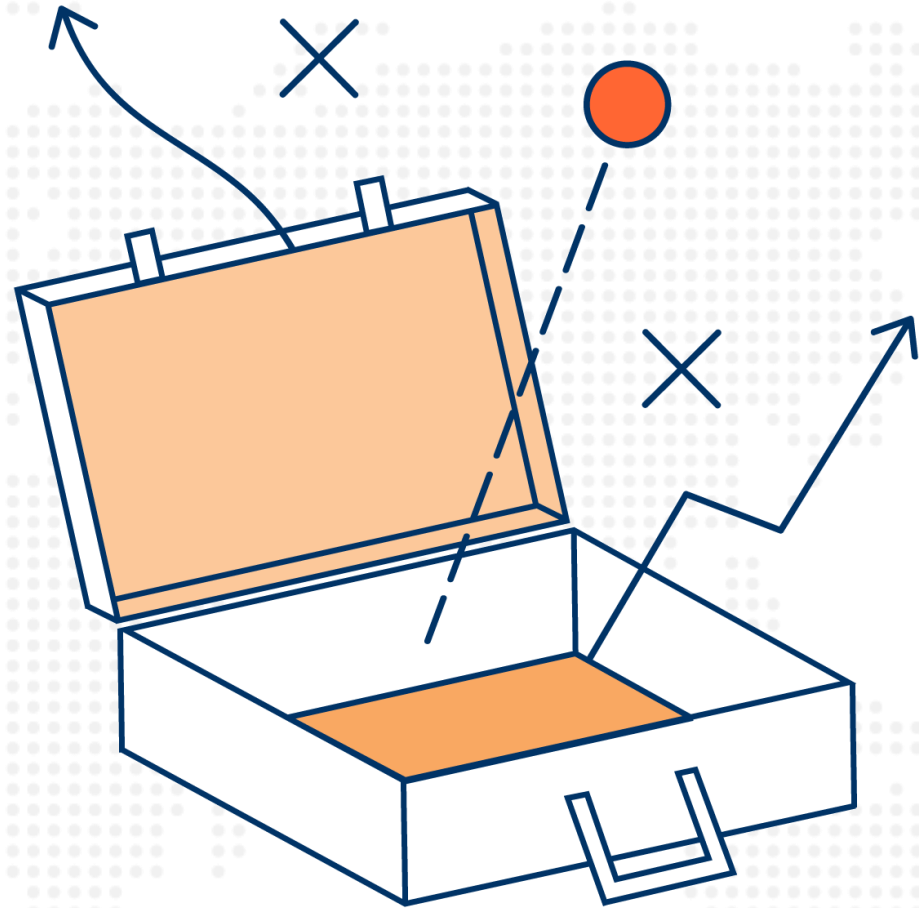
SoftBank's investments span all of Asia

The Japanese telecom giant and tech holding company favors South Korea and China.



DEEP DIVE

The Exit Strategy



THE EXIT STRATEGY

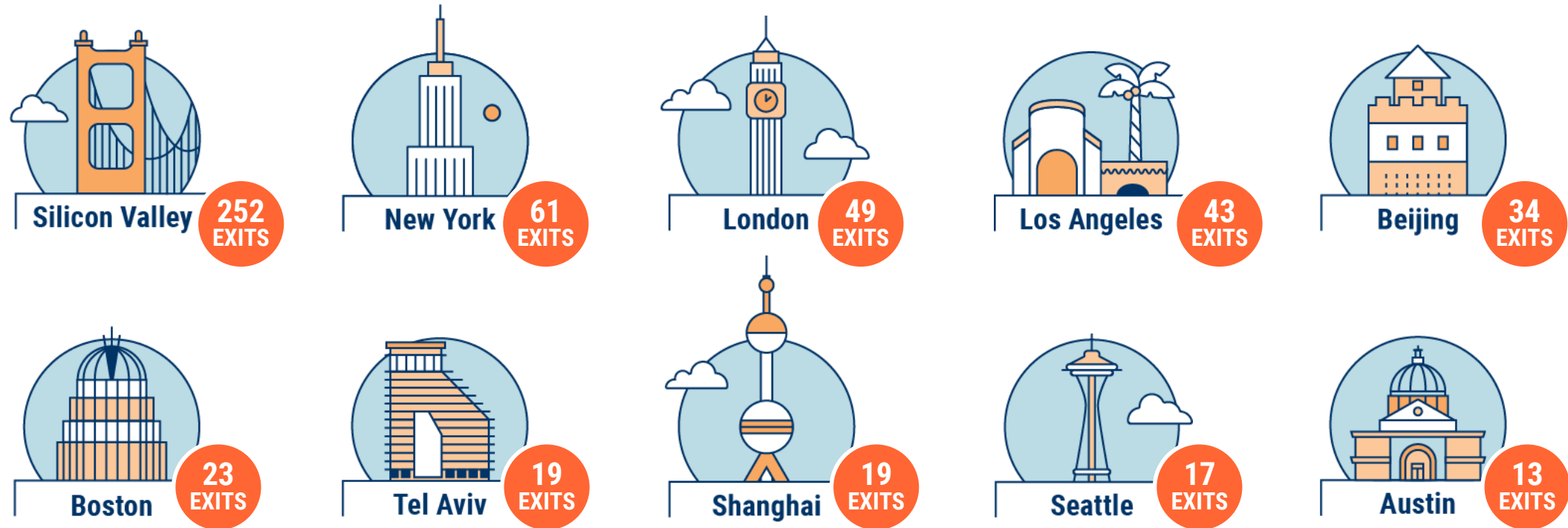
“Without big exits, the ecosystem is like a **roach motel**, money can come in, but it doesn’t get out. And that’s not a good thing for anyone”

– **Lou Kerner**, Partner at [CryptoOracle.io](https://cryptooracle.io)

DEEP DIVE: EXIT STRATEGY

In exits, traditional hubs show their strength

TECH EXITS (M&A/IPO) VALUED OVER \$100M
2012 - 2018 (APRIL 8, 2018)



Largest tech exits across all hubs

				
	FACEBOOK	SPOTIFY	JD.COM	SNAP
HEADQUARTERS	San Francisco	Stockholm	Beijing	Venice Beach (LA Metro)
EXIT TYPE	IPO	IPO	IPO	IPO
EXIT VALUE	\$104B	\$29.4B	\$25.7B	\$24.8B
PREVIOUS INVESTOR(S)	Horizons Ventures, Microsoft	Accel, DST Global, Technology Crossover Ventures	Sequoia Capital China, Tencent Holdings	Benchmark, KKR, New Enterprise Associates
CATEGORY	Internet → Social Media	Internet → Music	Internet → eCommerce	Internet → Social Media


LOOKING FORWARD

Tech Hubs That Didn't Make It This Year



LOOKING FORWARD

Metros with high potential for the future



CITY	NOTABLE ACTIVITY
Chicago	Total of 4 tech unicorns in the region with a 5 th born in Q1'18 – Tempus Labs, a biotechnology company.
Shenzhen	Total of 5 tech unicorns with 15 rounds at \$100M+ between 2014 and 2017.
Singapore	23% deal growth and 178% funding growth between 2016 and 2017. Two billion-dollar exits in 2016 and 2017.
Hangzhou	High number of new startups getting funding and home of Alibaba headquarters.
Montreal	Little tech activity, but home to McGill University (a top tech school)
DC	168% increase in deal activity between 2016 and 2017. Home to the Carlyle Group.

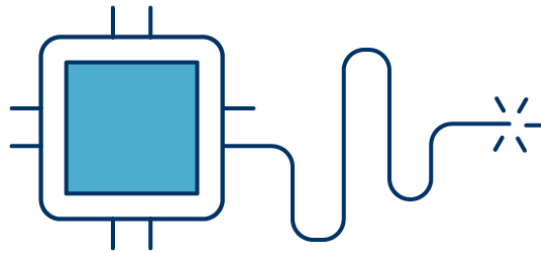
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Methodology



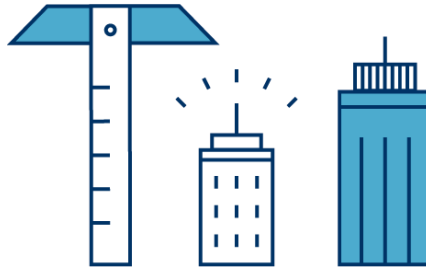
Methodology

We used the CB Insights platform to aggregate data around funding and exit events for startups around the world. The 25 top tech hubs were chosen based on a deal share basis of the global total. To diversify our selection geographically, we limited the US hubs to 7.



TECH DEFINITION

Companies that operate within Internet, Mobile, Software, Computer Hardware, Telecom, Electronics, and Robotics were included in the report. Note that healthcare companies, including those operating within the Medical Device sector, were not included.



METROS BREAKDOWN

Metro hubs were chosen on a 30-50 mile radius from city center. Companies were mapped to the respective region based on city/state and city/country matching. Breakdowns of tech hubs into three categories was based on similar deal count to ensure comparison of metros against similar markets.



CLASSIFICATION OF ROUNDS

Equity rounds, first time exits only.

Funding includes rounds to companies that are considered to be standalone or not acquired

Note: For this report a "startup" is a private tech company.

WHERE IS ALL THIS DATA FROM?

The CB Insights platform has the underlying data included in this report

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