

STATE OF THE INDUSTRY: 2017 VC DEAL ACTIVITY & HIGHLIGHTS

October 31, 2017



The entrance of major global investors into a string of recent early and expansion stage rounds in Latin America is contributing to record investment dollars in Latin American startups.

NOTABLE ROUNDS & INVESTORS (Dec. 2016 – Sept. 2017):

In the last 8-12 months, we've noticed a number of significant global and corporate investors making commitments to startups in major markets like Brazil and Mexico, indicating both a good opportunity for long-term capital investors and a maturity in the overall investment ecosystem.

- A few months after Chinese transportation giant **Didi Chuxing** announced a **US\$100m** investment in Brazilian rideshare app **99**, Japan's SoftBank and existing investor Riverwood Capital announced a separate **US\$100m** investment in 99. (99 also has funding from monashees+, Qualcomm Ventures, and Tiger Global.). **READ MORE** about **recent rideshare activity** from 99, Cabify, Easy, and Uber.
- In late 2016, Sequoia Capital quietly made a **US\$52.8m** investment in Colombian grocery delivery service Rappi. Earlier that year, Andreessen Horowitz made an **undisclosed investment** in Rappi, its first in Latin America. Redpoint e.Ventures also invested previously. **READ** our **interview** with Rappi Co-founder and CEO Simón Borrero.
- General Atlantic made an **undisclosed investment** in Mexico's **PayClip** (formerly Clip). **Luis Cervantes**, General Atlantic's head of Mexico, joined the board. PayClip raised an **US\$8m** Series A in 2015 led by Alta Ventures, with participation from AMEX Ventures, Sierra Ventures, Endeavor Catalyst, and Angel Ventures Mexico. General Atlantic's current portfolio in the region includes Argentina's **Despegar.com** and Brazil's **SAS Sistema de Ensino**.
- General Atlantic made an **undisclosed investment** in **Gympass**, a Brazilian B2B gym membership platform operating in ten countries.
- Accel led a **US\$21m** Series B in Mexican delivery startup **Cornershop**, with participation from previous investors ALLVP, Jackson Square Ventures, and Creandum. **READ** our **interview** with CEO Oskar Hjertonsen.
- QMS Capital, monashees+, Accel Partners, Endeavor Catalyst, Pointbreak LLC, and Pollux made a **Series C** investment in Brazilian enterprise software platform **Neoway**. Temasek Holdings later **joined this round** in September.
- IFC, Naspers Fintech, Redpoint eVentures, Kaszek Ventures, Quona Capital, and QED made a **Series B** investment in Brazil's **Creditas** (formerly BankFacil).

Last year, Latin American startups raised **inaugural rounds** from **Sequoia Capital**, **Founders Fund**, **Andreessen Horowitz**, **Goldman Sachs**, and **TPG Growth**. In 2017, the major later stage rounds are coming from **SoftBank**, **Didi Chuxing**, **General Atlantic**, and **Temasek**.

BY THE NUMBERS:

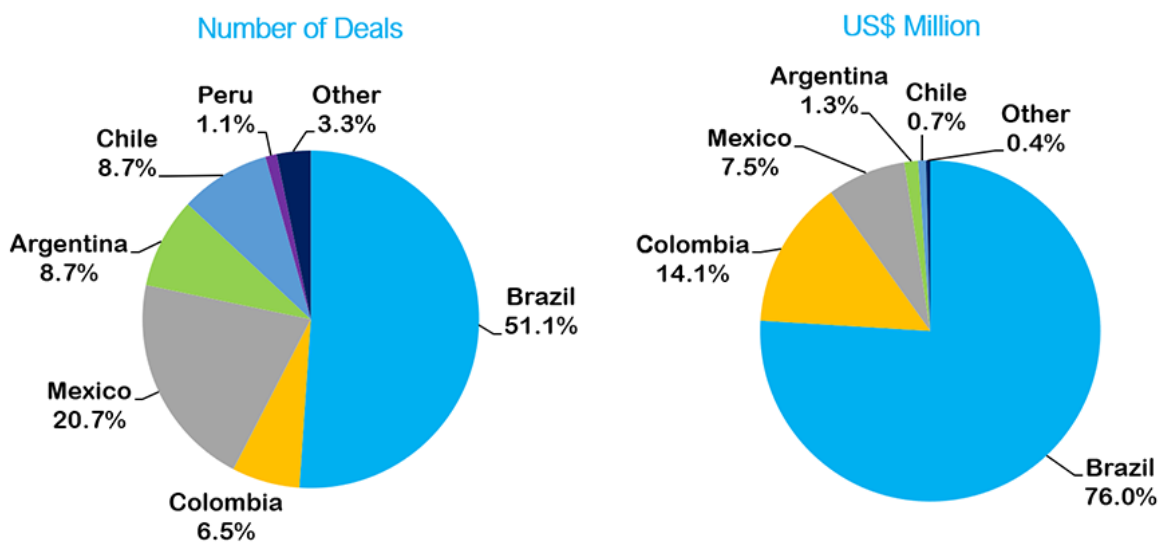
The growing maturity of startups in the region is also evident by an increase in individual ticket sizes. Expansion stage deals (Series C and beyond) reached US\$314m from January – June 2017, compared to the US\$208m invested at that stage from January – December 2016.

99's back-to-back rounds in 2017 represent two of the top three venture rounds ever (by amount invested) for Latin America.

According to LAVCA data, startups in Latin America received US\$477m in venture capital funding in the first half of 2017, almost as much as was invested in all of 2016 (US\$500m), and more than double the amount invested in 1H2016 (US\$218m).

- US\$443m (93%) of venture capital dollars invested in LatAm startups went to the IT sector, a significant increase from the US\$148m invested in the IT sector when comparing year-on-year to 1H2016. The number of deals remained consistent, pointing to the fact that a handful of large expansion rounds are responsible for moving the needle.
- A little over half of all VC deals in 1H2017 went to Brazilian startups (51%), followed by Mexico (21%), and Argentina (9%).
- Brazilian startups captured an overwhelming 76% of the dollars, followed by Colombia (14%), and Mexico (7.5%).

1H2017 VC INVESTMENTS BY COUNTRY



Meanwhile, the global share of early-stage capital going to startups in emerging markets is **increasing**, according to Crunchbase News.

And appetite for venture capital funds targeting Latin America continues a positive trajectory. LAVCA and Cambridge Associates recently published a **Limited Partner opinion survey**, which indicated **growing investor interest in Brazil & LatAm early-stage tech**: