

### Q2 2017 - Deal Volumes and Valuations Accelerate

#### Commentary from Hans Tung



Hans Tung, managing partner at GGV Capital, sat down with us to discuss his view on the state of VC investing.

**On valuations:** The deals that are getting done are with the better companies that have done well in

2016 and are therefore able to raise money in 2017 at a higher valuation.

**On deal terms:** We see less SAFE structures than before, especially in early stage deals. The number of these have definitely come down.

**On the IPO climate:** Investors are more cautious as to what IPO valuations will be, therefore fewer deals are currently getting done. There will definitely be an uptick, given the size of many private companies.

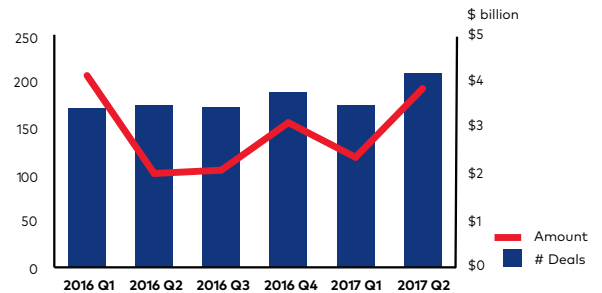
**On US-China dealflow:** I'm not sure that it will be at a scale of a Uber-DiDi or Baidu-Uber, but I think a China mega deal is likely to happen over the next 24 months.

Read Cooley's full interview with Hans Tung on Cooley GO. [www.cooleygo.com](http://www.cooleygo.com)

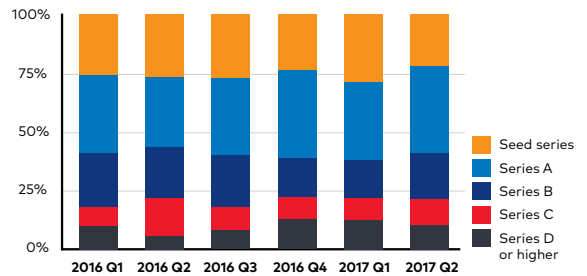
In the second quarter of 2017, both deal volumes and aggregate dollars raised increased markedly from prior quarters. In Q2 2017, Cooley handled 211 disclosable deals representing more than \$3.8 billion of invested capital.

Of particular note, median pre-money valuations increased in Q2 across all deal stages. The median pre-money valuation for Series A deals reached \$22 million in Q2, a level not seen since this report commenced more than ten years ago. One observation is with more sources of seed capital now available, companies that now successfully raise a Series A round are further along with stronger revenues than in years past, which may at least partially account for the significant Series A uptick.

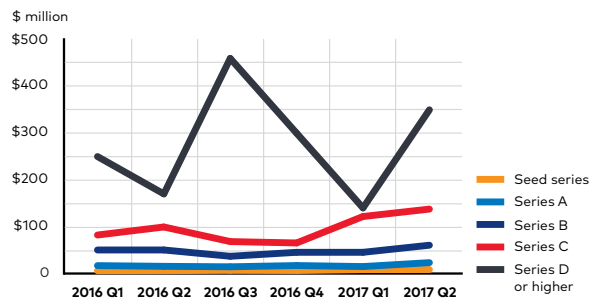
Total Deal Volume and Aggregate Dollars Raised



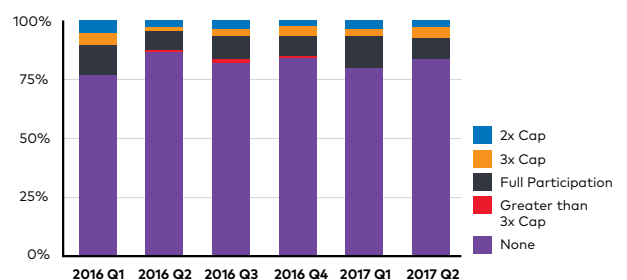
Deal Breakdown



Median Pre-Money Valuation



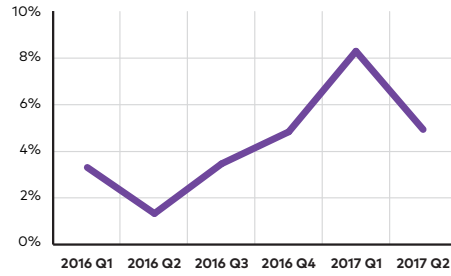
Liquidation Preference: Participation Features



Deal terms during the quarter trended toward favoring the entrepreneur. We saw decreases in deals with full participating liquidation preferences, as well as decreases in deals including pay-to-play provisions.

For more venture financing trends, view our interactive data visualization on Cooley GO:  
[www.cooleygo.com/trends](http://www.cooleygo.com/trends)

Pay-to-Play



**About the Cooley Venture Financing Report.** This quarterly summary provides data reflecting Cooley's experience in venture capital financing terms and trends. Information is taken from a subset of the transactions in which Cooley served as counsel to either the issuing company or investors. For more information regarding this report, please contact the Cooley lawyers listed below.

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