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# Opportunity Index Report

6 U.S. Industries With the Highest Growth Potential

# Uncovering Opportunities in the Coronavirus Economy

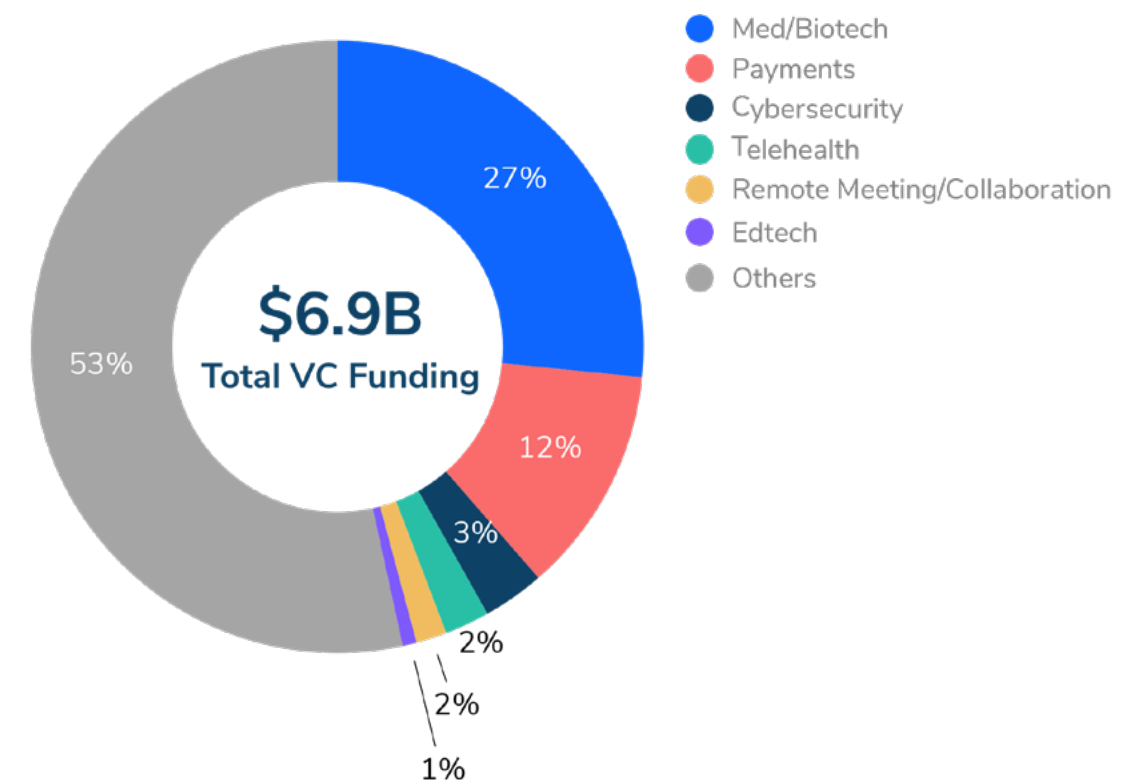
Coronavirus has clearly changed how businesses operate. With widespread unemployment, many businesses shuttering that might not open again, with everyday consumer behavior radically modified, we look at the trends in cloud businesses to understand areas of growth that can help society through the crisis.

Crunchbase's in-depth research has uncovered six industries that show promising growth based on an analysis of funding data dating back to 2019. The industries are: Telehealth, Remote Meeting/Collaboration Software, Med/Biotech, Payments, Edtech and Cybersecurity.

Whether you're selling a product or looking for investments, the industries in this report provide the greatest chance for you to find lucrative opportunities.

## U.S. Industry Dollar Volume in April 2020

Private equity rounds are excluded. Data as of May 4, 2020.



We included reported venture funding round data for rounds through April 2020. All of the data included in this report is based on data in Crunchbase as of May 4, 2020. Due to reporting delays, numbers for the more recent quarters and months (particularly April 2020) will increase over time as more funding is reported.

# Key Growth Trends in U.S. Industries

## **Financial services and health care account for the most funding**

Financial services and health care (including biotech) account for 46% of venture funding in 2020 so far, compared to 40% in 2019.

## **Telehealth funding surged in 2020**

Telehealth funding in Q1 2020 increased 17% from Q1 2019 to \$526 million.

## **Meeting and collaboration sees a solid month of funding in April**

April 2020 funding was off to a strong start. We anticipate renewed investor interest in workplace collaboration tools.

# Key Growth Trends in U.S. Industries

## **Med/biotech hits its highest funding quarter since 2018**

Med/biotech funding reached \$6.2 billion in Q1 2020, the highest quarter ever since Q3 2018.

## **Payments saw its best quarter in Q1 2020 and shows signs of continued growth**

Venture funding for the payments industry steadily grew throughout 2019 and witnessed its best quarter ever in Q1 2020 with \$1.5 billion in funding. April 2020 funding has already hit 50% of that quarterly figure.

## **Edtech shows early signs of growth in 2020**

Edtech funding was down in 2019 compared to previous years, but is already showing signs of improvement in 2020.

## **Cybersecurity continues to attract investors and produce well-funded companies**

Cybersecurity funding hit close to a record high in Q1 2020 with \$1.5 billion of funding, and experienced the highest deal count in three quarters.

# Impact of COVID-19

We conducted this research during the Coronavirus global pandemic. All six of these industries (and others) will continue to shift as they react to the state of the world.

We've highlighted several companies in each industry that have received recent venture funding. Many of the companies have either a technology or offering that can help people during the crisis, or have released statements about how they will be using the funding to focus new innovation efforts on helping people navigate the changing world.

Companies have been taking active steps and pivoting quickly to help the world fight and adapt to COVID-19:

- ElevateBio announced it will be using part of a \$170 million Series B funding round to support one of its portfolio companies in the [development of a coronavirus-specific T-cell therapy](#).
- Collaboration software Notion is [offering its Team Plan](#) for free to first responders, researchers, and nonprofits fighting COVID-19.
- Telehealth company XRHealth raised a \$7 million venture round to help improve its platform and work with insurance providers to [make its technology available to people for free during the COVID-19 crisis](#).

# Leading Sectors in 2020

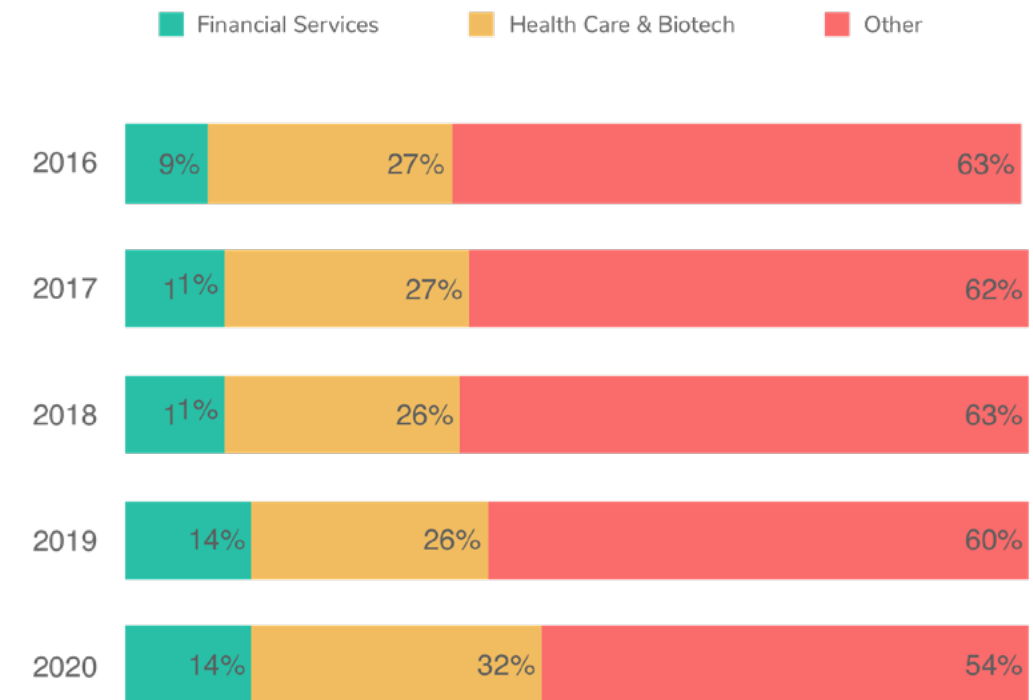
Financial services and health care (including biotech) companies captured increasingly larger shares of venture funding in the U.S.

In 2020 so far, the two sectors make up 46% of all venture funding. This is an opportunity for salespeople looking for companies with capital to spend on hiring, new tools, and other resources to fuel growth.

In addition, the year isn't over yet. The amount of funding raised by financial services and health care companies in 2020 will likely increase based on the current trend.

## U.S. Financial Services & Health Care VC Dollar Volume, through April 2020

Private equity rounds are excluded. Data as of May 4, 2020.



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## Growth Potential in Telehealth

Telehealth is an industry with a lot of promise and is a viable option for people who elect to stay home and continue following social distancing guidelines but still want access to their doctor for routine check ups.

April 2020 funding in the U.S. reached half of the total funding raised in all of Q2 2019, which shows an upward trend and focus on leveraging technology to accommodate changes to how the world operates.

Telehealth is still in its infancy as a market, which means there's room for innovation. Our research shows that funding in the U.S. jumped by 17% in Q1 of 2020 compared to Q1 of 2019, which coincides with when Coronavirus became a global conversation. In addition, from a global perspective, 73% of the deals in 2020 globally have been seed/angel or early-stage deals indicating that this industry has a lot of opportunity for investors and salespeople.

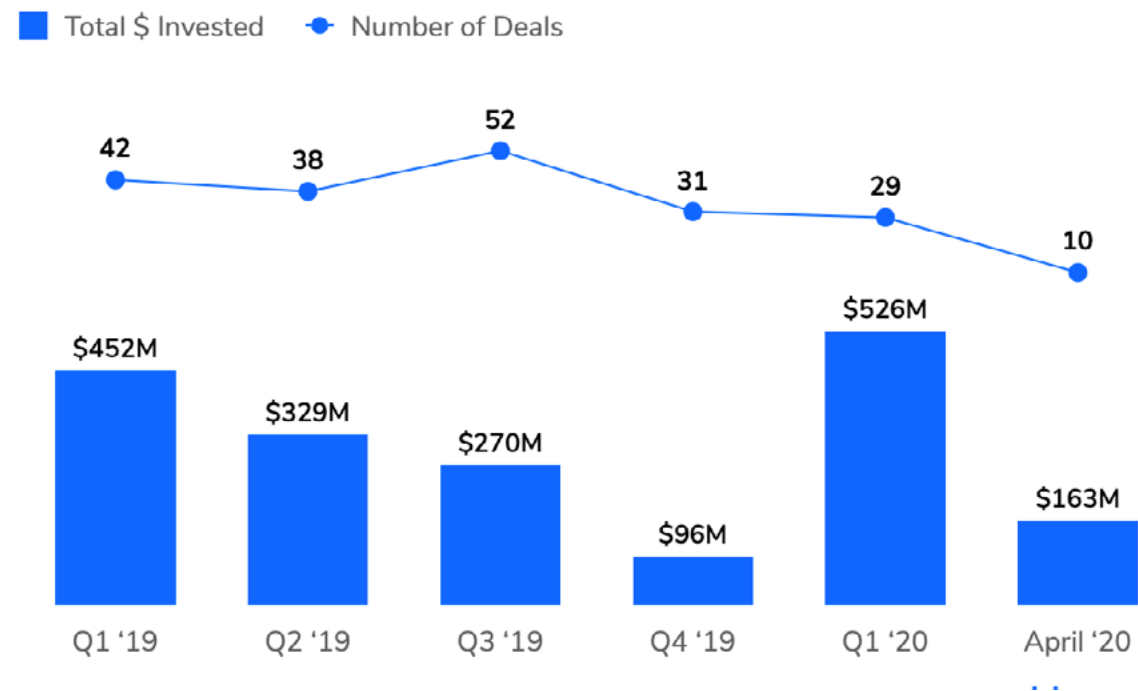
# Telehealth

Insights from our analysis of the U.S.

- Total funding reached over \$526 million in Q1 2020, a 17% increase from Q1 2019.
- April 2020 reached half of the total funding raised in all of Q2 2019.
- With the increasing need and capabilities of telehealth, we expect telehealth funding to continue to achieve strong numbers in 2020.

## U.S. Telehealth Dollar Volume and Deal Count, Through April 2020

Private equity rounds are excluded for non-venture backed companies. Data as of May 4, 2020.



## Notable U.S. Funding Rounds 2020

Company	Location	Last Funding	Amount
<a href="#">Virta</a>	San Francisco, CA	Series C	\$93M
<a href="#">TytoCare</a>	New York, NY	Venture Round	\$50M
<a href="#">Maven Clinic</a>	New York, NY	Series C	\$45M
<a href="#">Vesta Healthcare</a>	New York, NY	Series A	\$30M
<a href="#">XRHealth</a>	Brookline, MA	Venture Round	\$7M

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## Global Growth

Insights from our global analysis:

- Total funding was almost \$1 billion in Q1 2020.
- Deal count in April is tracking well against Q1 2020 figures (62 deals) with 19 deals.
- In 2020, 73% of rounds have been seed/angel or early-stage deals, indicating more opportunities for those companies to continue raising VC funding in the coming years.





## **Growth Potential in Meeting and Collaboration**

As the global economy moves toward getting back to a sense of normalcy, companies in a position to do so will still elect to stay fully (or partially) remote. This means tools that enable their teams to meet and collaborate while remote will be in high demand.

Based on our data, it's clear that investors see the increase in demand adding an influx of capital in the industry in April 2020.

This is a prime industry for salespeople to target as there are a slew of needs to support growth. Meeting (e.g. video conferencing) and collaboration tools need a stable technology infrastructure to operate efficiently, which will require companies to hire key talent with expertise in software development, multimedia, and APIs – hardware too if a company produces physical webcams and other equipment.

In addition, companies in this industry will need the right tools in place (e.g. cloud computing services) to handle high user engagement and ensure the uptime of their service. Having the capital to be able to do this, and more, will be crucial to long-term success.

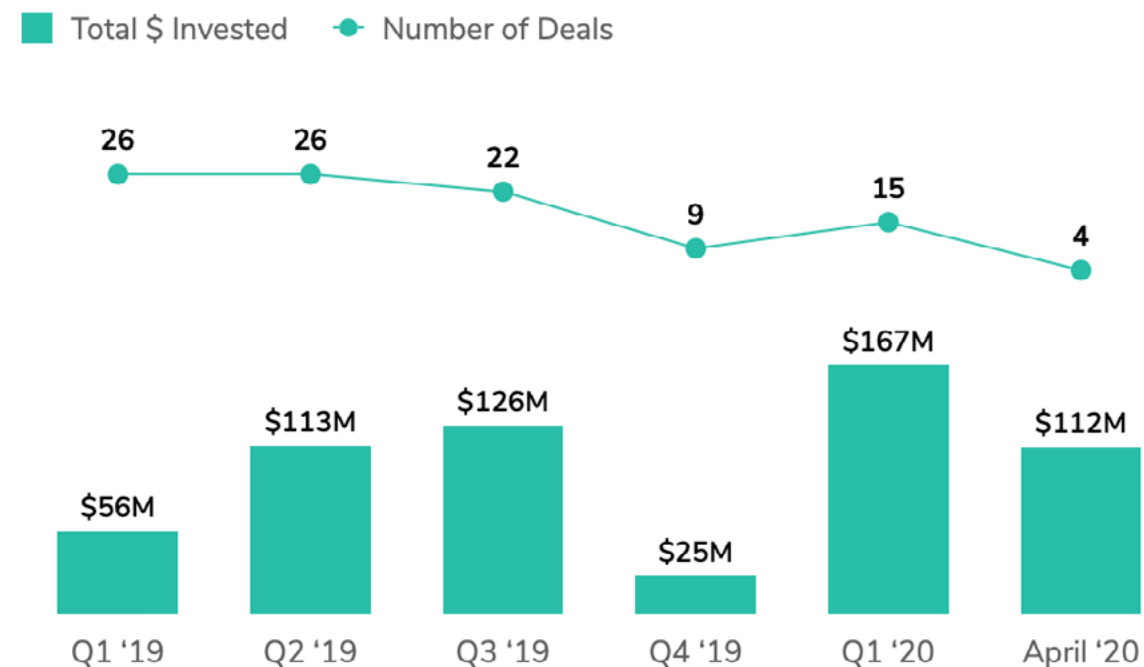
# Meeting and Collaboration

Insights from our analysis of the U.S.

- Total funding was over \$167 million in Q1 2020, the highest quarter since the second half of 2018 (which included a few large deals, including Slack).
- April 2020 has already surpassed 67% of funding raised in all of Q1 2020, showing strong potential for this market, particularly with the urgent (and ongoing) needs for remote working capabilities.

## U.S. Remote Meeting/Collaboration Dollar Volume and Deal Count, Through April 2020

Private equity rounds are excluded for non-venture backed companies. Data as of May 4, 2020.



## Notable U.S. Funding Rounds 2020

Company	Location	Last Funding	Amount
<a href="#">Front</a>	San Francisco, CA	Series C	\$59M
<a href="#">Lucid Software</a>	New York, NY	Series D	\$52M
<a href="#">Notion</a>	New York, NY	Venture Round	\$50M
<a href="#">Clubhouse Software</a>	New York, NY	Series B	\$25M
<a href="#">MURAL</a>	Brookline, MA	Series A	\$23M

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## Global Growth

Insights from our global analysis:

- Global performance in 2020 has not been as remarkable as the U.S. performance so far, with \$256 million raised in Q1 2020 (compared to \$167 million in the U.S.).
- However, April 2020 funding has already reached 62% of the global total raised in Q1 2020.



## **Growth Potential in Med/Biotech**

In the midst of a global pandemic, the amount of funding going into the medtech and biotech sectors has surged. Since Q1 of 2019, the U.S. industry has averaged \$4.7 billion in funding per quarter with a substantial spike occurring in Q1 2020 of \$6.2 billion.

The jump in funding for Q1 2020 isn't a surprise as Coronavirus hit and shelter-in-place, as well as social distancing guidelines, were implemented.

With demand for a cure or, at the very least, an effective treatment for Coronavirus, capital will continue to be poured into med/biotech companies. Meaning, for salespeople, this will be an industry with a number of well-funded companies. This is also an opportunity for investors to use their capital to help these companies develop treatments and life-saving equipment.

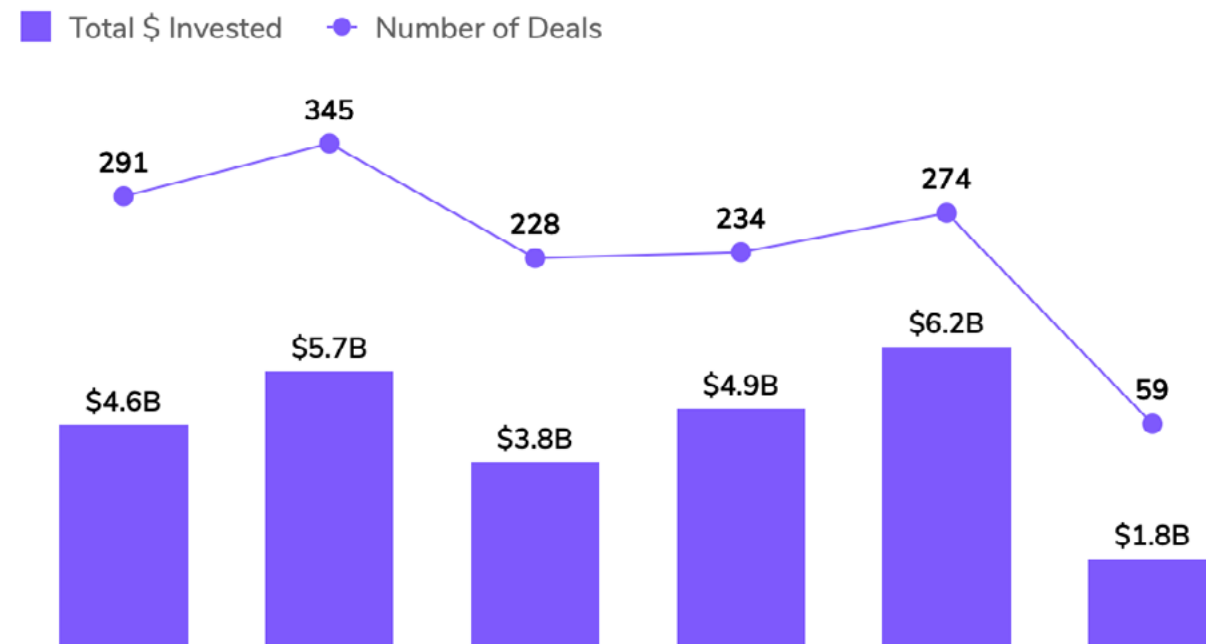
# Med/Biotech

Insights from our analysis of the U.S.

- Total funding exceeded \$6 billion in Q1 2020, the highest quarter since Q3 2018 (and could surpass due to reporting delays).
- Total deal count in Q1 2020 recorded the highest count in three quarters.
- April 2020 funding totaled 30% of the massive funding figure in Q1, showing no signs for funding to slow much in Q2.

## U.S. Med/Biotech Dollar Volume and Deal Count, Through April 2020

Private equity rounds are excluded for non-venture backed companies. Data as of May 4, 2020.



## Notable U.S. Funding Rounds 2020

Company	Location	Last Funding	Amount
<a href="#">Lyell Immunopharma</a>	San Francisco, CA	Series C	\$493M
<a href="#">EQRx</a>	Cambridge, MA	Series A	\$200M
<a href="#">ElevateBio</a>	Cambridge, MA	Series B	\$170M
<a href="#">Karius</a>	Redwood City, CA	Series B	\$165M
<a href="#">Spruce Biosciences</a>	San Francisco, CA	Series B	\$88M

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## Global Growth

Insights from our global analysis:

- Total funding reached \$8.5 billion in Q1 2020, meaning global funding also achieved its highest quarter since Q3 2018.
- Global numbers are growing even faster in Q2 2020, with over \$3 billion raised in April.



## Growth Potential in Payments

As more commerce takes place over the Internet, companies that enable peer-to-peer lending, online transactions, and more are key to supporting this infrastructure making them attractive to investors.

Our research shows that total funding in the payments industry from Q1 2019 through April 2020 totalled \$6.4 billion across 263 deals, which outpaces several industries in this report.

There's a lot of innovation happening in payments--from reimagining banks to sending money instantly using a mobile device. Due to this, investors see an opportunity to get a return on their investment and will continue backing companies in this industry.

For salespeople, the payments industry is an opportunity to find well-funded companies in a position to invest in their growth.

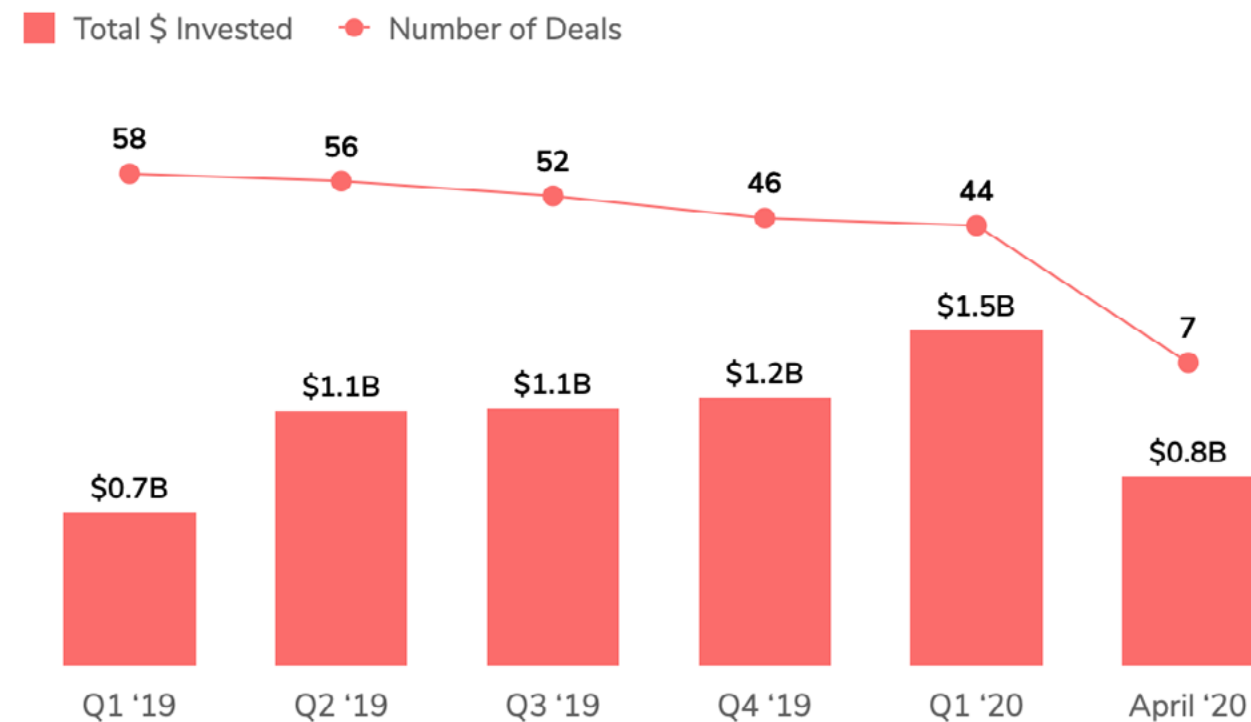
# Payments

Insights from our analysis of the U.S.

- The payments industry witnessed its best quarter ever with \$1.5 billion in funding raised in Q1 2020 (this includes a \$500 million Series E in Chime).
- Deal count also remained strong with only two fewer recorded in Q1 2020 than Q4 2019; it will likely pass that as more deals are reported.
- April 2020 figures include a \$600 million Series G round for Stripe.

## U.S. Payments Dollar Volume and Deal Count, Through April 2020

Private equity rounds are excluded for non-venture backed companies. Data as of May 4, 2020.



## Notable U.S. Funding Rounds 2020

Company	Location	Last Funding	Amount
<a href="#">AvidXchange</a>	Charlotte, NC	Series F	\$388M
<a href="#">Bakkt</a>	Atlanta, GA	Series B	\$300M
<a href="#">Flywire</a>	Boston, MA	Series E	\$120M
<a href="#">Plastiq</a>	San Francisco, CA	Series D	\$75M
<a href="#">SpotOn</a>	San Francisco, CA	Series B	\$50M

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## Global Growth

Insights from our global analysis:

- In Q1 2020, global payments experienced its best quarter since Q2 2018, achieving over \$4 billion in dollar volume.
- April 2020 is slightly down from that high, but still showing momentum with 29 deals in April (compared to 136 in Q1 2020).



## Growth Potential in Edtech

Edtech is another industry we see having the potential to grow for the foreseeable future due to its utility, the uncertainty surrounding school reopenings (and what life will look like once they do reopen), and millions of people who are unemployed.

While investors haven't put in quite as much capital as the other industries in this report, the situation we're in today with Coronavirus means there's an opportunity for edtech companies to help students, teachers, and independent learners.

Digging into the data further, April 2020 did see an increase in funding as remote education became a viable option for schools and parents. In addition, there was consistent activity from investors with an average of 32 funding deals per quarter in the U.S. since Q1 2019. For comparison, this is a higher average than the meeting and collaboration industry at 20.

Edtech presents an opportunity for salespeople to penetrate a market that's still maturing and becoming more valuable with each passing day.

# Edtech

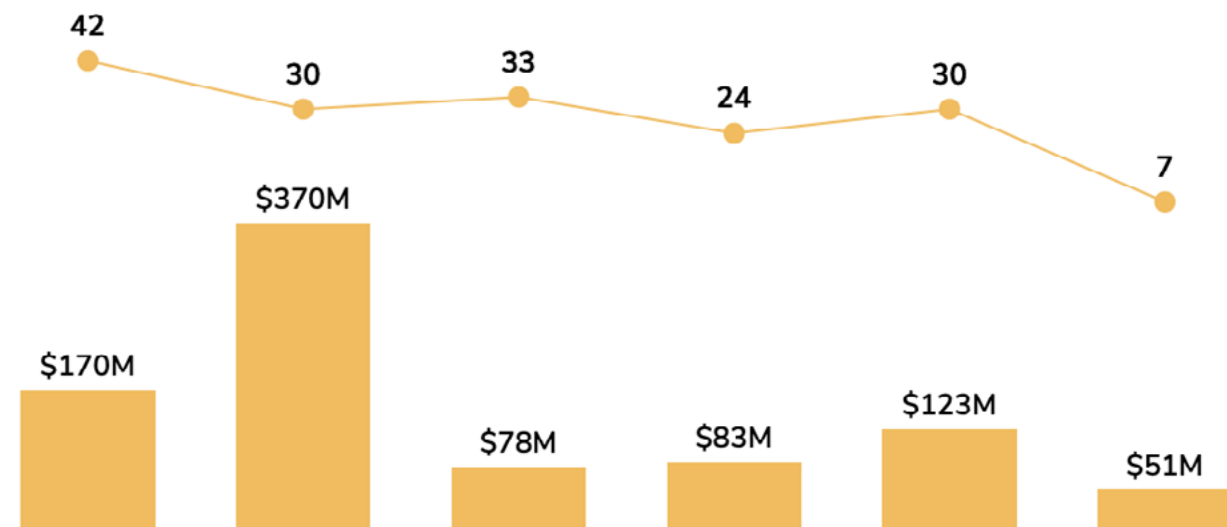
Insights from our analysis of the U.S.

- Total funding reached \$123 million in Q1 2020, a decrease from Q1 2019 but a 48% increase from Q4 2019.
- April 2020 funding has already reached near half that of funding raised in Q1 2020.
- Edtech funding was down in 2019. This year offers potential for the numbers to climb with increasing need for online education and closed classrooms.

## U.S. Edtech Dollar Volume and Deal Count, Through April 2020

Private equity rounds are excluded for non-venture backed companies. Data as of May 4, 2020.

■ Total \$ Invested    ● Number of Deals



## Notable U.S. Funding Rounds 2020

Company	Location	Last Funding	Amount
<a href="#">Udemy</a>	San Francisco, CA	Series E	\$50M
<a href="#">Niche</a>	Brooklyn, NY	Series A	\$35M
<a href="#">Outlier</a>	Brooklyn, NY	Series A	\$12M
<a href="#">Duolingo</a>	Pittsburgh, PA	Venture Round	\$10M
<a href="#">Course Hero</a>	Redwood City, CA	Series B	\$10M

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## Global Growth

Insights from our global analysis:

- Edtech funding hit record numbers in Q1 2020 with over \$2 billion raised, although this was skewed due to a \$1 billion late-stage round for China-based Yuanfudao and two large private equity rounds for India-based BYJU's.





## **Growth Potential in Cybersecurity**

There's a high need for effective cybersecurity tools, particularly with security concerns around remote working, elections, and online activity. Investors know this and are betting on big returns.

Cybersecurity is an industry that has reached maturity – the industry dates back to the 1970s. However, it's constantly evolving. As cybercriminals get more sophisticated in their attacks, the industry has to not only keep up but stay ahead.

Given that, cybersecurity has become a top priority for companies and governments around the world as they look to safeguard their infrastructures. Investors have poured capital into this industry over the years and will continue to do so.

For sales, this is an opportunity to reach an industry that's in a constant state of innovation, which requires investment in the form of capital and talent.

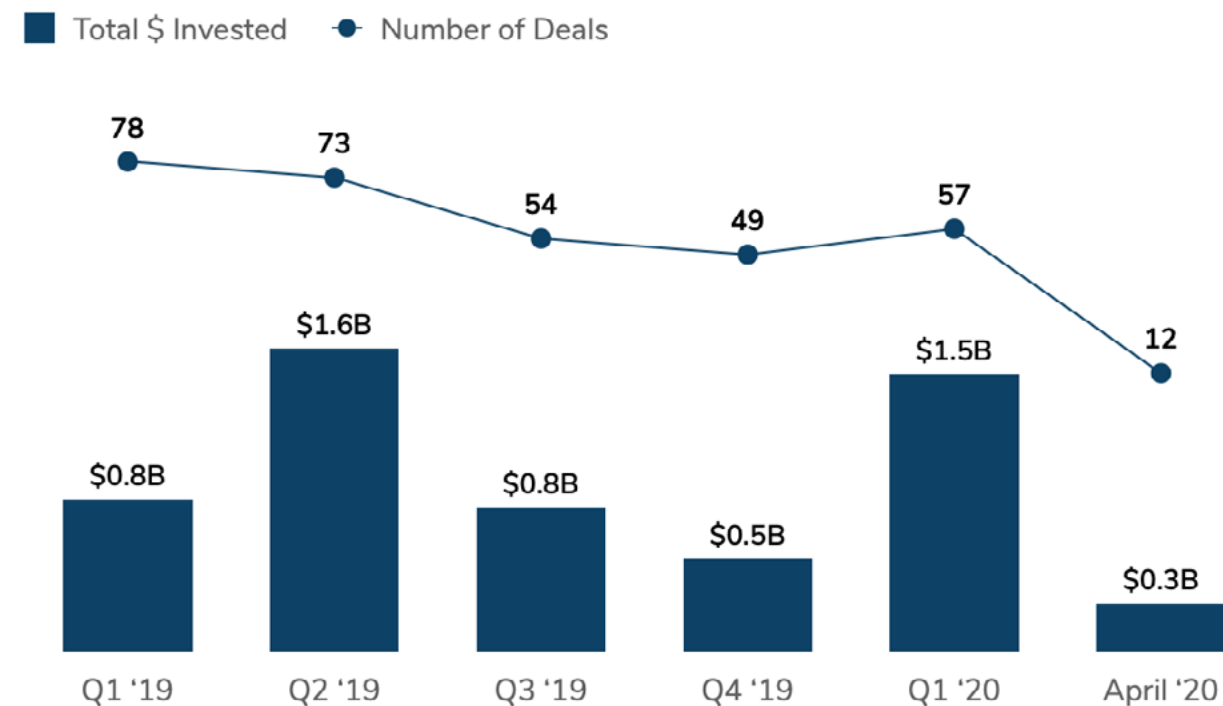
# Cybersecurity

Insights from our analysis of the U.S.

- U.S. funding hit close to a record high in Q1 2020 with over \$1.5 billion in funding.
- Deal count was also up in Q1 2020 from the previous two quarters.
- Almost 80% of deals so far in 2020 were seed- or early-stage, indicating opportunity for more later-stage deals in the coming years.

## U.S. Cybersecurity Dollar Volume and Deal Count, Through April 2020

Private equity rounds are excluded for non-venture backed companies. Data as of May 4, 2020.



## Notable U.S. Funding Rounds 2020

Company	Location	Last Funding	Amount
<a href="#">Netskope</a>	Santa Clara, CA	Series G	\$340M
<a href="#">StackPath</a>	Dallas, TX	Series B	\$216M
<a href="#">SentinelOne</a>	Mountain View, CA	Series B	\$200M
<a href="#">Arctic Wolf Networks</a>	Sunnyvale, CA	Series D	\$60M
<a href="#">Axonius</a>	New York, NY	Series C	\$58M

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## Global Growth

Insights from our global analysis:

- 75% of dollars raised in 2020 so far have been for companies based in the United States.
- Global deal count reached 106 in Q1 2020 and 23 in April 2020, which is near double that of the U.S. deal counts.



## Conclusion

Whether you're looking for new companies to sell to or investment opportunities, the six industries in this report are a good place to start your search.

Despite Coronavirus' impact, each industry has surged in funding and shows signs of continued growth. Investors recognize the impact these industries have on the current state of the world and, as a result, are investing in companies that align with the reality of the economy.

Ultimately, with consumer and business behavior changing, the industries in this report are in a position to see the most growth in the coming months – potentially years.

## Methodology

For this report we reviewed private company fundings from seed- through late-stage venture. We included private equity rounds for venture-backed companies. All other private equity rounds are excluded.

We looked at reported--not projected--data which means that 2020 numbers will increase over time, relative to previous years. Private market financing data is subject to reporting delays, so numbers may have changed since publication as more data gets added to Crunchbase.

Please note that all funding values are given in U.S. dollars unless otherwise noted. Crunchbase converts foreign currencies to U.S. dollars at the prevailing spot rate from the date funding rounds, acquisitions, IPOs and other financial events are reported. Even if those events were added to Crunchbase long after the event was announced, foreign currency transactions are converted at the historic spot price.



## Methodology

This report is based on data in Crunchbase as of May 4, 2020.

Industries in Crunchbase are not exclusive. A company can be in more than one industry and more than one industry group.

For the purposes of this report, we used the following guidelines:

**Telehealth:** Industries include mobile health, health care (and mobile apps, internet, or apps). Description keywords include telehealth and telemedicine.

**Remote Meeting/Collaboration Software:** Industries include meeting software, collaboration and video conferencing.



## Methodology

**Med/Biotech:** Industries include biotechnology, medical device, bioinformatics, biometrics, biopharma, genetics, life science, neuroscience and quantified self.

**Payments:** Industries include payments, fintech, mobile payments and financial services. Description keywords include wallet, money transfer and online payment.

**Edtech:** Industries include edtech and e-learning. Description keywords include ed tech and e-learning.

**Cybersecurity:** Industries include cybersecurity. Description keywords include cybersecurity.

# Glossary of Funding Terms

- **Seed/angel** includes financings that are classified as seed or angel, including accelerator funding, equity crowdfunding and venture rounds without a designated series, that are \$3 million and below.
- **Early-stage venture** includes financings that are classified as a Series A or B, and venture rounds without a designated series that are above \$3 million and equal to or below \$15 million.
- **Late-stage venture** includes financings that are classified as a Series C+, and venture rounds without a designated series greater than \$15 million.
- **Technology growth** is a private-equity round raised by a company that has previously raised a “venture” round. (So, basically, any round from the previously defined stages.) Private-equity rounds for nonventure-backed companies are not included in this report.



## About Crunchbase

Crunchbase is the leading provider of private-company prospecting and research solutions. Over 55 million users—including salespeople, entrepreneurs, investors and market researchers—use Crunchbase to prospect for new business opportunities. Companies all over the world rely on us to power their applications, making over 3 billion calls to our API each year.

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